

## CITY OF PLYMOUTH

**Subject:** Joint Finance and Performance Report  
**Committee:** Cabinet Overview and Scrutiny Management Board  
**Date:** 15 September 2009 7 October 2009  
**Cabinet Member:** Councillor Bowyer and Councillor Ricketts  
**CMT Member:** CMT  
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**Ref:** MC  
**Part:** I

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### **Executive Summary:**

This report outlines the performance monitoring and finance position of the Council as at the end of July 2009.

The primary purpose of this report is to report on how the Council is delivering against its corporate improvement priorities and key performance measures using its capital and revenue resources. It is deliberately strategic in focussing on key areas of performance, spend and risk, and includes under each Departmental Business section a one page scorecard, incorporating a summary of progress against the relevant Corporate Improvement Priorities and financial performance.

The report now needs to be developed further to enable a greater focus on future risks and as such more detailed information on both the revenue and capital medium term financial forecasts have been included.

At this stage, the council is forecasting a revenue overspend at year end of £3.302m against a net revenue budget of £196.525m (1.7%). Main variations relate to the increased pressure in children looked after cases as well as cost pressures in adult social care. Actions are on-going to address the pressures in this report.

Actual spend on the capital programme as at end of July 2009 is £16.938m. In the light of historical programme delivery levels, it is recommended that the revised forecast and financing requirement for the year be set at £82.478m.

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### **Corporate Plan 2009-2012:**

This bi-monthly report is fundamentally linked to delivering the corporate improvement priorities within council's corporate plan.

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## **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

Resource implications are referred to throughout the report and an update on the implications for the medium term for both revenue and capital is included within the report. It is intended that the Medium Term Financial Forecast will be updated regularly throughout the year to take account of the variances and pressures identified through this reporting.

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### **Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.**

None

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### **Recommendations & Reasons for recommended action:**

A number of recommendations have been made throughout the report in response to specific monitoring information. The recommendations are:

1. The Children and families element of the carers grant, totalling £0.243m, be vired from adult social care to children's services to increase resources available.
2. Directors be requested to submit to Cabinet as part of the next bi-monthly report, robust action plans outlining proposals to meet the deficit forecast both for the current, and future financial years.
3. Cabinet note that the Council's financial management arrangements include the following:
  - (i) That all Directorate overspends are carried forward into the following year unless approved otherwise by Cabinet.
  - (ii) That up to 50 % of Directorate revenue underspends may be carried forward into the following financial year, providing they are reported within the mid year monitoring report and are maintained for the rest of the year.
  - (iii) All carry forwards remain subject to consideration of the Council's overall revenue outturn position and allowing for any corporate health adjustments
4. Cabinet note the receipt of the first interim dividend payment in respect of Heritable Bank of £508,448, including interest of £24,666.
5. Interest recovered in respect of the Icelandic bank investments be transferred to the Investment reserve to minimise the impact of any losses on the Council's budgets in future years.
6. The capital programme is adjusted for new schemes and other variations totalling £4.713m.

7. In the light of historical trends, the revised capital programme and financing requirement for the year be set at £82.478m, project officers to identify schemes to be re-profiled into future years.

**Alternative options considered and reasons for recommended action:**

Actions are recommended in response to specific variances in either performance and / or finances as identified throughout the report.

**Background papers:**

- Plymouth City Council Corporate Plan 2009-12 (including 14x Corporate Improvement Priorities)
- 2009/10 Budget Papers – presented to Full Council 2 March 2009
- Plymouth City Council Medium Term Financial Strategy – revised March 2009
- Audit Commission Use of Resources Key Lines of Enquiry (available on the audit commission website)
- Joint Finance and Performance report to Cabinet 14 July 2009

**Sign off:**

Fin	MC 0910 013	Leg	DVS 1046	HR		AM		IT		Strat Proc	
Originating SMT Member: Malcolm Coe, Head of Finance – (Governance and Planning)											

**Plymouth City Council**  
**Performance and Finance Monitoring – 2009/10**  
**Figures up to and including 31 July 2009**

## **1. Introduction**

1.1 The Council continues to improve its financial and performance management arrangements, placing greater ownership and accountability on departmental management teams in relation to improving performance and delivering against budget. The first bi-monthly report outlined a new 'scorecard' style of reporting within the Directorate reports, which has been well received and will continue to be developed through the year. The score card focuses on actions being undertaken to meet key corporate priorities rather than the detailed performance indicators. Future reports need to now be more forward looking in terms of the financial aspects with a greater focus on the Medium Term Financial forecasts for both revenue and capital. This report therefore includes for the first time a detailed section on the medium term capital programme, including a risk rating of capital resources.

1.2 This report reviews the Council's performance for the period 1 April 2009 to 31 July 2009 and is written in the context of both the Medium Term Financial Strategy and the Use of Resources Assessment. The Budget report for 2009/10 (Appendix A budget robustness) outlined a number of financial risks that the Council potentially faced over the short to medium term. It is appropriate the bi-monthly reporting should continue to review risks and give consideration to future levels of the working balance and reserves.

1.3 The report therefore includes the following information and Appendices:

### Section A – Executive Summary

- Performance Position
- Revenue Position
- Income Summary
- Medium Term Financial Forecast – Revenue
- Capital Programme 2009/10
- Medium Term Capital Programme

### Section B – Directorate reports

- Children's Services
- Community Services, including the HRA
- Development, including trading accounts
- Corporate Resources
- Chief Executive
- Corporate items

### Section C- Treasury Management

### Section D – HRA

### Section E – Concluding Remarks









## Appendices

- Appendix A – Summary Graphs
- Appendix B – Summary Capital Expenditure and Financing
- Appendix C – Movement in Reserves
- Appendix D – Prudential Indicators 2008/09

## SECTION A – EXECUTIVE SUMMARY

### 2. Performance Position

2.1 A performance and programme summary is provided for each Corporate Improvement Priority in a scorecard format along with budget variances for each Department. As with the previous year a small number of key indicators and milestones will be the focus of respective reports. However, where emerging issues arise these need to be fed into successive reports when required. The narrative within the scorecard is intended to provide a high level overview of each CIP with a focus on explaining corrective action where required. Detailed information will continue to be reported on eperform, our performance management system. The scorecards use a RAG (red, amber, green) traffic light system to indicate current performance. The table below summarizes the RAG rating rules.

Milestones – lowest performing milestone within a CIP			
	All milestones on schedule		A minimum of one milestone is reported as a risk
	a minimum of one milestone is reported as an issue		No information to report
Measures – an average of all measures that sit within this CIP			
	Indicators on track		the <b>AVERAGE</b> of all indicators is up to 15% off target
	The <b>AVERAGE</b> of all indicators is more than 15% off target		No information to report

Key performance and programme messages emerging from the departmental scorecards include:

#### 2.2 CIP 1: Improving Customer Care

Customer Services have completed the Customer Service Excellence Assessment and the Department is now accredited. A bid for funding a pilot area and regional champion for the 'getting it right and righting the wrongs' toolkit has been submitted. ICT are installing a complaints module to the customer management database to be completed by December 2009. Mystery shopping consultation for reception points has been developed and rolled out across First Stop, Midland and Windsor House. Plans to support improvements within Parking, Cashiers and Social services, aim to be implemented by the end of October. A staff customer service recognition scheme has been created and will be considered by the Corporate Management Team in the next two months. Learning and Development have created a customer care skills training course and will be piloting this in September. An outline project plan has been submitted for consideration by Waste Services and a revised final copy will be implemented in by 1 October 2009.

#### 2.3 CIP 2: Informing and Involving Customers

The Place Survey results were published nationally on 23rd June. Plymouth's final report will be published in September. Following the launch of the Compact, work commenced on raising the profile of the consultation commitments contained in the supporting code of practice. The first of three residents' panel surveys (before Dec 09) was completed, and planning started for the second. The Supporting Members Group was briefed on the Duty to Involve as part of the Member Development Programme.

#### **2.4 CIP 3: Helping People to Live independently**

We are continuing to make progress against our Local Area Agreement targets, increasing the number of people supported to live independently and having choice in the services that they receive. The services are now performing at Quartile 2 level for supporting people to live independently.

#### **2.5 CIP 4: Reducing inequalities between communities**

Planning permission has now been secured for the Efford Gypsy site and a lot of work has gone into the bid which has been submitted. However, there is a risk associated with the availability of government funding. Work is progressing on Locality Working and formal consultation has now commenced. The contract for Financial Inclusion Advice Service has now been awarded to the Citizens Advice Bureau and Routeways to deliver support to individuals with an emphasis on responding to the recession.

#### **2.6 CIP 5: Providing Better and more Affordable Homes**

Between April and July 61 new homes were completed, keeping us on track to deliver our LAA target of 226. We are in line to secure Government Kickstart funding to house builders of £3.9m for 3 projects to support the completion of 201 homes on sites that are presently stalled due to the housing market slowdown. Cabinet have approved a package of City owned sites and funding that has helped secure £44m of HCA funding for the redevelopment of North Prospect to support wider Stock Transfer across the City, and which will deliver over 200 new affordable homes by 2011. However, negotiations with HCA to set up a Local Housing Company have slipped given the need to prioritise work on a solution in North Prospect. Our homelessness prevention activities and money advice has prevented 185 households across all tenures from becoming homeless.

#### **2.7 CIP 6: Providing More and Better Culture and Leisure Activities**

In increasing opportunities to participate in diverse activities, the museum has been successful in obtaining the Excellence in Public Services Charter Mark and in securing the Joshua Reynolds Exhibition, Mount Edgecumbe has made impressive progress with commercial and partnership ventures. The Cultural Board is now well established and is identifying key priorities. Progress is continuing well with the Sport Strategy and the Sports and Leisure Facilities Management Project. More progress is required for the Olympics/Paralympics, the British Arts Show and the relocation of the records office.

#### **2.8 CIP 7: Keeping Children Safe**

Whilst the target for Core Assessments was achieved within timescales, the initial assessments target has been missed during this period and this will be a focus for the next period. The placement stability indicator remains challenging. Placement stability meetings have been introduced into practice but have not been fully embedded. The service aims to improve the matching of placements by introducing a 'payment for skills' fostering scheme and improving current processes and procedures. Family Group conferencing performed well in the first quarter and achieved the target. Predictions for the second quarter also show that the target should be achieved for this indicator.

#### **2.9 CIP 8: Improving Skills and Educational Achievement**

Five milestones for improving skills and educational achievement have been achieved. Key developments include an early years improvement strategy focused on Efford neighbourhood has been written and will be delivered during the coming

months. A bid to extend work with primary schools has been approved for £60,000 to work with targeted schools in NW Plymouth. Successful residential programmes have been run for both Lipson Community College and Sir John Hunt Sports College where male carers and parents attended Mount Batten outdoor education centre. Eleven schools with their feeder pre-schools have received support to improve outcomes in communication, language and literacy development. The project has been quality assured by the regional national strategy. Ten primary schools have successfully worked in partnership to boost standards in English. Connexions have led the partnership activity around NEET's (Not in Education Employment or Training) and have co-ordinated action across the city to combat the trend of the increasing NEET cohort in the current economic climate. Work continues on reaching the remaining milestones.

#### **2.10 CIP 9: Developing High Quality Places to Learn In**

The completion of new school buildings opening in September are all on programme and will make a substantial step change to the communities they serve. Announcements on BSF (Building Schools for the Future) are positive and planning is in place for entry into the National programme early 2010

#### **2.11 CIP 10: Disposing of Waste and Increasing Recycling**

Our recycling rate is slightly below target because of an unseasonal drop in composting tonnages due to wet weather which reduced July's performance by more than 2%. There has been a successful roll out of an expansion to the garden waste collection scheme. A business case looking at the feasibility of a glass collection service, to increase recycling is being developed. The refuse collection service has continued to improve, and the number of complaints regarding missed bins has reduced significantly.

#### **2.12 CIP 11: Improving access across the city**

There are some key risks and slippage issues that are contributing to the red rating for this CIP. However, these are being managed and we therefore expect to show improvement in the next report. A review of the bus networks is now complete and the final version is now expected to be in place by the end of July. The Accessibility Action Plan is to be incorporated into proposed bid with Local Transport Plan support, into the North Stonehouse Neighbourhoods Project. Meetings scheduled for June with Childrens Services and NHS Trust to progress -delivery of Action Plans. Currently the publication of the Plymouth Strategic Cycle Network is on Schedule for completion in December 2009.

#### **2.13 CIP 12: Delivering Sustainable Growth**

Of the 29 key milestones within the 7 key improvement areas 2 have been completed, 25 are on schedule, 2 have slipped. In relation to job creation all actions are on schedule with support continuing to the LSP Wealthy Theme Group and the City Development Company. Work has commenced on urban enterprise workshop projects and implementation of the Recession Response and Market Recovery Delivery Plan agreed by Cabinet on 2nd June 2009 has begun.

Of the 16 sites accepted under the Market Recovery Action Plan, 2 have planning permission, 2 are the subject of current planning applications, 4 have been withdrawn and 8 are being worked up. In relation to new homes regeneration projects continue to be implemented with recent approvals for Sherford, and projects in Devonport being key. On strategic infrastructure, submission of the Eastern Corridor Major Scheme Bid has been reprogrammed, but the successful



East End CIF bid will enable us to bring forward major elements of the project more quickly. Central Park masterplanning has commenced and bids for other greenscape and transport infrastructure projects are on schedule. Milestones relating to delivery of growth programmes are all on track except the establishment of a Growth Board. These are at risk, however, due to the Government's withdrawal of nearly £2.4 million of New Growth Points funding and cuts in the RDA budget. On the Local Development Framework the City Centre Area Action Plan has been agreed for submission and all other statutory documents are on schedule.

In terms of capacity to deliver city growth, the Statement of Community Involvement has been completed and a place making skills programme will be completed shortly. In relation to enhancing Plymouth's strategic influence in the region support arrangements for the Strategic Leader's Forum have been established and work on the RSS and LGR are largely complete.

#### **2.14 CIP 13: Supporting the Council to Perform Better**

Overall this CIP is on target although the number of appraisals completed is below target. This has occurred during the implementation of the new appraisal system but it is expected that this will be recovered in the next quarter as the new scheme takes effect. There is also minor slippage on the development of the communications strategy but this will shortly be back on track incorporating links with the wider reputations project .

The Job Evaluation appeals project has been completed in the last period and negotiations are continuing with the unions. In excess of 400 Managers have been trained in the new Competency Framework. An initial e-Learning programme for 'Managing Attendance' is now available for all users across the organisation.

A project plan is being developed for the Staff Survey (to take place 2010) and a draft of a 'Performance Management Framework' is now ready for consultation. Manager Self Service development is continuing with the technical platforms due to be moved over August/September in an aim to stabilise the environment for future use.

#### **2.15 CIP 14: Value for Money**

The Accommodation Strategy has been approved and is now being translated into investment and action plans.

We have achieved £5.4m of efficiencies in year against an initial 2008/09 target of £7.9m due to the new methodology for NI 179 having more stringent requirements than the old Gershon efficiency arrangements. Revised targets and actions for 2009/10 are being developed, linking efficiency savings to priority Value for Money reviews. A senior post within Finance has been designated to lead on the co-ordination of and improvement of driving VFM and efficiencies across the council.

The Council's Carbon Reduction Commitment (CRM) has confirmed the potential financial liabilities to be incurred from 2010 onwards. These liabilities need to be incorporated in the Medium Term Financial Plan and relevant actions and training have been developed to help reduce our carbon footprint and hence reduce financial penalties. The IDEA have recognised the Council's positive environmental sustainability work as a best practice case study. The action taken on carbon

management was also recognised with a 2009 SW carbon positive award. We now need to develop a robust delivery plan to support our Environmental Policy.

## **2.16 Data Quality – Measuring Value for Money Gains (NI179)**

The Gershon Efficiency agenda has been replaced with a more outcome driven Value for Money approach. As with Gershon, efficiencies are reported to Central Government, but there are a number of key changes. The most notable changes are that all Value for Money gains (VFMg's) need to be cash releasing whilst service outcomes or performance must be maintained or improved. Performance against NI179 must also be reported on the Council Tax bill and efficiencies and activities must deliver over three years.

Whilst no formal targets have been issued to Councils, the Government expects authorities to deliver 3% cumulative efficiencies over three years, measured against a 2007/08 baseline.

The cumulative amount of efficiencies that must be achieved by 2010/11, calculated in accordance with guidance issued by DCLG, is £24.561m.

A revised action plan is currently being developed to address the overall efficiencies required by 2010/11.

### 3. Revenue Position

- 3.1 The following table sets out the forecast for the Council's overall revenue position as at 31 July 2009.

**Table 1**

Fund	Latest Approved Budget £'000	Monitoring Variation May 2009 £'000	Monitoring Variation July 2009 £'000	Change in Period £'000
<b>General Fund</b>	196,525	1,037	3,302	2,265
<b>Trading Accounts</b>	(2,308)	12	248	236
<b>HRA*</b>	66	(34)	(4)	30

\* surplus/deficit for year

*NB Brackets ( ) reflect a favourable variation*

- 3.2 The trading accounts are reported within the Development Directorate report and the HRA is shown within Section D.

#### General Fund

- 3.3 Table 2 shows the monitoring position for each Directorate for the period up to 31 July 2009.

**Table 2**

Department	Latest Approved Budget £'000	Monitoring Variation as at 31 July 09 £'000	Percentage variation %	Change in Period £'000
Children's Services	51,869	1,398	2.7	897
Community Services	102,699	795	0.8	245
Development & Regeneration Services	16,501	1,010	6.1	898
Corporate Support	35,703	133	0.4	(296)
Chief Executive	2,637	48	1.8	(157)
Corporate Items	(12,884)	(82)	(0.6)	678
<b>Total</b>	<b>196,525</b>	<b>3,302</b>	<b>1.7</b>	<b>2,265</b>

- 3.4 Further details of the variations are outlined in the individual Directors reports in Section B of this report. Appendix A shows the variations in graphical form.
- 3.5 The budget variation targets of no more than 1% overspend or 2% underspend remain in place for 2009/10. The monitoring position at the end of July shows that these targets have been breached in a number of departments and the overall

variation of £3.302m at 1.7% of the net revenue budget for the year is giving cause for concern. The main reasons for the variations are as follows:

- Children's Services- the department was set a challenging target to reduce expenditure on children's social care by £1.162m in 2009/10. A budget pressure is being experienced within the looked after children's budget with the number of placements exceeding budget projections. Increased costs are being offset by savings in supported accommodation for 16+ service (care leavers) and the fostering service and savings in employee costs from vacancies, and it is proposed that the children and families element of the carers grant, totalling £0.243m, be vired from adult social care to children's services to increase resources available. However it has not yet been possible to identify additional actions to meet the savings target. Whilst management action will continue to be taken to minimise the forecast overspend during the year, national and local high profile media cases will increase the pressures on the service.
- Development and Regeneration - income levels in respect of planning applications and car parking continue to fall below budgeted levels. Officers are working to identify savings within the planning service and have identified savings of £0.062m to date. Further work on reviewing the impact of car park improvements, including the recently upgraded Theatre Royal car park pay on foot, is ongoing.
- Chief Executives - as reported last time, the variance in the Chief Executives department relates to an action plan for structural management changes some of which will impact across other departments. Officers continue to work through the detail on this area and have reduced this variance by £0.157m during the period.
- Community Services –increased costs in Community Based Services continue to put pressure on the community services budget and the achievement of challenging action plan targets.

3.6 Directors are required to contain spend within the agreed budget for the year and therefore will need to outline actions to address the overspends now forecast in the next bi-monthly report.

3.7 In line with the policy adopted last year it is proposed that any overspend at year end will be required to be carried forward into the following financial year, unless approved otherwise by Cabinet. Directorates are also permitted to carry forward up to 50% of revenue underspends into the following financial year, subject to the final revenue outturn position and allowing for any Corporate Health Adjustments as recommended by the Director of Corporate Support. In order to qualify for a carry forward, the underspend must be reported within the mid year monitoring report i.e. for carry forwards to 2010/11 must be reported in the monitoring report covering the period up to 30 September 2009 and will need to be maintained for the remainder of the year.

### Recommendations:

1. The Children and families element of the carers grant, totalling £0.243m, be vired from adult social care to children's services to increase resources available.
2. Directors be requested to submit to Cabinet as part of the next bi-monthly report, robust action plans outlining proposals to meet the deficit forecast both for the current, and future financial years.
3. Cabinet note that the Council's financial management arrangements include the following:
  - (i) That all Directorate overspends are carried forward into the following year unless approved otherwise by Cabinet.
  - (ii) That up to 50 % of Directorate revenue underspends may be carried forward into the following financial year, providing they are reported within the mid year monitoring report and are maintained for the rest of the year.
  - (iii) All carry forwards remain subject to consideration of the Council's overall revenue outturn position and allowing for any corporate health adjustments

### 3.8 LABGI

The Council has been advised that it has been provisionally awarded £0.229m for 2009/10 under the new LABGI scheme. This represents a significant reduction on amounts received in previous years and representations on the method of allocation have been made to the relevant Government Department. It is proposed that a decision on the use of the LABGI monies be taken later in the year when more up to date monitoring information is available. At this stage the figures do not include the £0.229m income which has not been budgeted for.

### 3.9 Icelandic Banks Update

- 3.9.1 The Council has now received a first dividend payment of 16.3p in the £, plus interest, from the administrators in respect of the £3m invested with Heritable as follows:

	£
Principal	483,782
Interest	<u>24,666</u>
	<u>508,448</u>

The latest creditor report, dated 13 August 2009 still indicates that up to 80% of the total investment, plus interest up to 6 October 2008 will be repaid. The administrators are aiming to declare a second dividend of at least 10p in the £ before the end of the calendar year.

- 3.9.2 In terms of the other investments, indications are that 100% of monies in Glitnir may still be recovered, although the anticipated recovery in Landsbanki has reduced to 83%, against previous estimates of between 90% and 100%. However, Bevan Brittan, the local authority legal advisors, have indicated that

interest payable up to 22 April 2009 may now be payable, with a penalty rate of 22% being applied to investments that have matured before this date. This could mean that interest of up to £0.800m may potentially be received by the Council.

- 3.9.3 The Council was not required to account for any losses within its accounts for either 2008/09 or 2009/10, although it was assumed that the interest would be foregone. However the special dispensation will expire at the end of 2009/10 and losses will need to be provided for in the accounts from 2010/11 onwards. As part of the closure of accounts for 2008/09 a reserve of £0.281m was set up for potential losses from investments and it is now proposed that any interest recovered against the Icelandic investments is transferred to this reserve in order to minimise the impact on the revenue budget in future years. Officers continue to work with the LGA to lobby Government to allow any losses to be spread over a number of years.

**Recommendations:**

4. Cabinet note the receipt of the first interim dividend payment in respect of Heritable Bank of £508,448, including interest of £24,666.
5. Interest recovered in respect of the Icelandic bank investments be transferred to the Investment reserve to minimise the impact of any losses on the Council's budgets in future years.

## 4 Income Summary

**Table 3**

Type of debt	Actual % 2007/08	Actual % 2008/09	AE Quartile	Budgeted income 2009/10*	Target % 2009/10	Year end Projection 2009/10
Council Tax	92.5%	94.2%	4	£91.018m	96.0%	96.0%
NNDR	97.6%	96.7%	2	£79.666m	97.0%	97.0%
Housing Rents	97.3%	96.4%	4	£40.274m	98.5%	97.8%
Sundry Debt <sup>^</sup>	85.9%	86.9%	n/a	£60.000m#	92.5%	91.0%
<i>Commercial Rent (general fund)</i>	n/a	80.8%	n/a	£5.000m#	92.5%	88.0%
<i>Trade Waste</i>	n/a	87.5%	n/a	£1.200m#	94.0%	94.0%
<i>Adult Residential Care</i>	n/a	90.3%	n/a	£9.000m#	93.0%	92.0%

\* At the start of the financial year. The total amount collectable can go up and down during the year

# Sundry debt fluctuates during the year but figures shown are an average per annum for a rolling 12 month period

<sup>^</sup>All general fund sundry debt including the key areas (key areas are analysed and are shown in italics)

## 4.1 Local Taxation

### Council Tax Collection – Estimate 96.0% v Target 96.0%

The profiled July collection rate is 9.24% against a target of 9.19%, which contributes to a cumulative collection rate of 35.23% which is 0.45% ahead of target. Recovery for current year debts continues and although we have seen an increase in the % of accounts receiving a summons, the number of reminders issued has dropped.

### NNDR - Estimate 97.0% v Target 97.0%

A cumulative collection of 43.83% against a target of 42.10% has been achieved, which is an improvement and puts us ahead of target by 1.73%. The Government deferral scheme is now in place and applications have been sent to all ratepayers. The scheme will show approved deferrals as 'arrears' which will be reported as non-collection for the consistent measurement of performance indicators. Therefore, an 'actual' position will also be reported to enable monitoring of collectable debt actually due in year. It is worth noting that the deferral scheme is only available to ratepayers whose accounts are up to date with no arrears.

## 4.2 Housing Rents – Estimate 97.8% v Target 98.5%

The economic downturn has contributed to lower tenant incomes, which, coupled with steep rises in utility costs, has led to lower levels of rent collection than in recent years. Indications for the early part of 2009/10 are that payments of housing rents have recovered.

## 4.3 Sundry Debt collection – Estimate 91.0% v Target 92.5%

4.3.1 The current year debt, year to date performance is 90.75%, which represents an increase of 5.45% against the same period for 2008/09. Promoting the use of direct debit and taking payment in advance of service provision is continuing to improve performance, this combined with proactive recovery activity has helped to reduce the outstanding debt from 3% to 1.9% from the start of 2009/10.

4.3.2 This report includes for the first time a separate analysis of the key areas of sundry debt and the following paragraphs outline progress against the targets as at July 2009:

### 4.3.3 Adult residential and non residential care – Estimate 92.0% v Target 93.0%

The current collection rate remains 92% against the 93% target. Debt secured by legal charges has increased to 52% of total debt outstanding. This debt is considered recoverable although not necessarily within a 12 month period

While the current collection rate represents 1% below target, collection rates remain consistent. Financial assessment procedures are under review to ensure service users are notified at earliest opportunity of required charge and invoices are received promptly to support early collection of income.

### 4.3.4 Commercial Rent – Estimate 88.0% v Target 92.5%

The current year debt is showing a year to date figure of 85.8% compared to 82.5% against the same period in 2008/09. In addition, compared to last financial year we now have a dedicated recovery officer which will also help to improve collection.

The Commercial Property team have responded to the economic downturn by taking a closer and more proactive landlord/tenant relationship. Supporting tenants and encouraging them to manage their finances or highlight concerns at the earliest opportunity will reduce the risk of bad debts. Direct Debit continues to be promoted and instalment plans are being set up to help tenants manage current arrears and future rent.

4.3.5 Trade Waste – Estimate 94.0% v Target 94.0%

The year to date figure of 89.46% compares favourably to the 85.75% achieved for the same period last year.

There have been significant changes in service provision contributing to the reduction in outstanding debt. Customers using ‘sacks’ now pre pay for the delivery since and from October this year we will only provide services to customers that have pre paid for the service. Customers are also being encouraged to use direct debit. Services have been withdrawn for poor payers with the enforcement service being notified to monitor street cleanliness.

**5. Medium Term Financial Forecast- Revenue**

5.1 Budgeting over the medium term, we have allocated revenue funding to match known revenue pressures for 2009/10 and provided notional allocations for the following two financial years. This allocation has been undertaken on a priority basis linking with corporate improvement priorities, deliberately placing more funds into frontline, key services for the public. The three year budget targets are summarised below:

	Target budget £000
2009/10	196,525
2010/11	205,764
2011/12	210,702

5.2 The indicative targets across departments has now been updated for the new management structure and outlined within each of the Directors reports.

5.3 Based on estimated resources available and departmental revenue targets that have been set for the next three years, our medium term financial forecast is showing a balanced budget for 2009/10, but there remains a revenue funding gap in both 2010/11 and 2011/12.

5.4 As part of the detailed budget setting exercise for 2010/11 the underlying assumptions within the budget forecasts and the departmental targets will need to be reviewed. A further year will also be added to maintain a three year rolling forecast. Budget resources will need to be matched to the Council’s priorities and tough value for money targets will need to be considered.

5.5 The MTFs as approved in April outlined a number of budget pressures facing the Council over the medium term as follows:

- Waste Management
- Housing Stock Transfer- Corporate impact/residual costs
- Transformational Change
- JE unequal pay claims



- Redundancy costs
- Shortfall capital receipts/short term borrowing costs
- Strategy for change/BSF
- Increase demand from a growing elderly population
- Economic Climate/Support for local business
- Insurance Fund/H&S issues
- Icelandic bank Losses.

As part of budget monitoring and the final closedown process for 2008/09, various transfers to reserve were made to meet some or all of these potential costs. There is a need to review the adequacy of these reserves and the potential financial risk still remaining as part of the detailed budget exercise.

It is expected that Directors would raise any further emerging pressures within the Bi-monthly monitoring reports, rather than wait to bring them forward at the start of the budget exercise.

#### 5.6 New/emerging pressures

This report continues to identify ongoing budget pressures in the following areas:

- Looked after Children
- Community Based Services including Learning Disabilities
- Corporate Property costs
- Continuing fall in income from rentals, planning applications and building control
- Leisure – possible participation in free swimming to under 16 year olds
- JE – results of final appeals

In addition a number of departments have not yet identified detailed action plans to deliver target budgets in future years.

#### 5.7 The bi-monthly monitoring reports continue to address proposals to address known risks and priorities for example:

- £3.745m has been approved from the Corporate Improvement Priority Reserve to resource the Corporate Improvement Priorities (CIPs).
- The transfer of the 'Fleming' Vat recoveries to the CIP reserve to provide funding for future improvement priorities.
- The reallocation of 2007-10 LAA pump priming grant to support areas of under performance on areas where the maximum reward grant can be claimed .
- The proposal to transfer interest recovered on the Icelandic bank investments to the investment reserve.
- Transfer of energy savings in 2009/10 to corporate property to offset increased costs being incurred on the Corporate Estate and admin offices
- The request to vire £0.243m of carers grant from adults to children's services.

## 6. Capital Position

### 2009/10 Overall Capital Position

- 6.1 The capital programme for 2009/10, as approved in the previous monitoring report, is £98.385m. This bi-monthly report outlines recommendations to increase the in-year capital programme by a further £4.713m, giving a revised programme for the year of £103.098m. Actual spend as at 31 July 09 was £16.938m (16.4% of full year forecast).
- 6.2 The movement in the programme is summarised in table 4. Further details of the movements within the programme are outlined in Appendix B with more details provided within the individual Directorate reports.

**Table 4**

Department	Budget		Changes for Approval		Expenditure		Revised Forecast for year £000
	Restated Original Budget 2009/10 £000	Latest Appr'd Budget May 09 £000	Proposed Change in Period £000	Latest Forecast July 09 £000	Expend as at July 09 £000	Spend %'age of Forecast %	
Corporate Support	700	1,097	0	1,097	483	44.0%	877
Development	17,371	18,189	1,276	19,465	2,391	12.3%	15,572
Children's Services	52,057	54,991	3,435	58,426	10,589	18.1%	46,741
Community Services	14,858	16,347	2	16,349	1,011	6.2%	13,079
Corporate Items - HRA	7,222	7,761	0	7,761	2,464	31.7%	6,209
<b>Total</b>	<b>92,208</b>	<b>98,385</b>	<b>4,713</b>	<b>103,098</b>	<b>16,938</b>	<b>16.4%</b>	<b>82,478</b>

- 6.3 After allowing for slippage from 2008/09 and new approvals and other variations in the period, the programme for the year would be £103.098m. However based on historical trends it is highly unlikely that this level of programme delivery is achievable in year and a programme based on the 80% delivery targets is therefore considered more realistic, giving a revised forecast and financing requirement for the year of £82.467m. Schemes to be re-profiled to future years will need to be identified and reported as part of the next bimonthly report.
- 6.4 Following the JE exercise, the Council has received a number of unequal pay claims which are currently subject to legal review. The Council has made an application for a Capitalisation Direction to meet the costs of any successful claims and, if approved, the costs of any successful claims could be charged to capital and met from unsupported borrowing. This would increase the revised programme and financing requirement.

6.5 The movement on the programme during the period can be summarised as follows:

	<u>£000</u>
New schemes approved	2,632
Re-profiling/scheduling of schemes	2,138
Other Variations	<u>(57)</u>
 Total variation in period	 <b><u>4,713</u></b>

6.6 The Capital Programme Board (CPB) is responsible for overseeing the Governance and monitoring of the Capital Programme. The CPB considers new schemes brought forward and recommends their inclusion in the programme, subject to confirmation and satisfactory funding available to meet both the capital costs and any resulting revenue cost. The CPB is recommending that the following schemes be included within the programme:

	<u>£000</u>
Cumberland Gardens	370
Stonehouse CPO Royal William Yard	385
A38 Junction Improvements	400
Condition & Schools Development Works-	
Re-designating Specialist Schools	150
Special Education Needs & Inclusion	350
TCF for School Kitchen & Dining Facilities	596
Children's Social Care	151
ICT Computer for Pupils / Home Access	121
Ridgeway 6th Form Block Expansion	62
Devolved Formula Capital Projects	45
Capital Salaries Marlborough (DRC funded)	<u>2</u>
	<b><u>2,632</u></b>

All schemes are scheduled to be completed within 2009/10.

6.7 These schemes will be funded by grants and contributions (£2.560m), section 106 contributions (£0.062m), and revenue (£0.010m).

6.8 Project Officers continue to keep the programme under review and schemes re-profiled during this period are:

	<u>£000</u>
Estover Community Campus/Replacement College	2,174
Replacement of Temporary Classrooms – Boringdon Primary	(669)
Devolved Formula Capital	440
Condition Bid Programme	16
Hospital School Temporary Provision	(8)
Sustainable Energy in Schools	7
Provision for Mental Health	54
Northern Corridor	130
Hooe Park SSCF Improvements	<u>(6)</u>
	<b><u>2,138</u></b>

6.9 Based on the assumption that capital receipts are used to finance the capital programme as “funding of last resort”, and that grants and contributions are, in the main, able to be moved to future years without penalty or clawback, a programme of £82.478m would be financed as follows:

	<u>£000</u>
Supported Borrowing	18,656
Unsupported Borrowing	16,642
Grants & Contributions (inc Section 106)	41,089
Capital Receipts	0
Revenue & Funds	<u>6,091</u>
<b>Assumed financing of programme</b>	<b><u>82,478</u></b>

6.10 The actual financing will be reviewed in the light of schemes re-profiled into future years.

**Recommendations:**

- 6 The capital programme is adjusted for new schemes and other variations totalling £4.713m.
- 7 In the light of historical trends, the revised capital programme and financing requirement for the year be set at £82.478m, project officers to identify schemes to be re-profiled into future years.

### Capital Programme Management

6.11 As outlined in previous reports, the CPB has been working on proposals to improve the Council’s capital management based on the following principles:

- More integration of capital with performance and revenue spend
- More departmental ownership for delivery of programmes
- Prioritisation based on need not funding streams
- Better corporate, less departmental prioritisation enabling funding sources to be reallocated across the whole programme
- Monitoring of outcomes against spend
- Risk assessment and closer monitoring of all major projects
- Learn from best practice, don’t repeat poor practice

6.12 Previous monitoring reports have focused on monitoring capital spend. New monitoring arrangements have been designed that will now enable performance and spend to be reviewed together. Attention will be focused on high risk projects, with detailed reports being presented to a new capital delivery group.

## 7. Medium Term Capital Programme Update

7.1 Council approved a capital programme of £371.208m to the period 2013/14 at its budget meeting on 2 March 2009. The programme has now been updated to remove the 2008/09 spend, and for further re-profiling of schemes leaving a 5 year (MTFP) Capital Programme of £271,305 as follows:

	<u>£000</u>
MTFP as per budget setting	371,208
Less: 2008/09	(78,096)
Other Adjustments - re-profiling and new approvals	<u>(21,807) *</u>
Revised MTFP as at July 09	<b><u>271,305</u></b>

\*mainly re-profiling of Eastern Corridor to future years

7.2 The total spend by year, prior to the re-profiling recommended in paragraph 6.3, is as follows;

Year	<u>£000</u>
2009/10	103,098
2010/11	83,496
2011/12	52,068
2012/13	19,377
2013/14	9,640
2014/15	<u>3,626</u>
<b>Total</b>	<b><u>271,305</u></b>

7.3 Capital schemes by their nature can be complex and span over a number of years and the Council currently operates a 5 year rolling capital programme. However there are always uncertainties within the medium term programme, with uncertainties increasing the longer the time frame and include:

### Spend

- schemes not contractually committed
- schemes at varying stages of design
- delivery timescales

### Financing

- capital receipts - assets for disposal & values
- government resources eg grants and supported borrowing v spending reviews

7.4 The table below shows how the programme will be financed over the 5 year period, together with a risk analysis of each funding stream.

## Risk Assessed programme

**Table 5**

	<b>MTFP £'000</b>	<b>Green £'000</b>	<b>Amber £'000</b>	<b>Red £'000</b>
Capital Receipts	27,989	14,062	13,006	921
Unsupported Borrowing	28,242	13,242	15,000	0
Supported Borrowing	48,190	28,503	19,687	0
Grants	132,323	83,200	36,185	12,938
Contributions/ Sect 106	28,254	6,680	21,074	500
Revenue and Funds	6,307	6,307	0	0
<b>Total</b>	<b>271,305</b>	<b>151,994</b>	<b>104,952</b>	<b>14,359</b>

7.5 The anticipated funding has been risk assessed as follows:

£151.994m green (56%) – likely to be received  
 £104.952m amber (39%) – subject to uncertainty  
 £14.359m red (5%) – high risk of not being realised

7.6 Red risks are assumed capital receipts, grants and contributions that the Council has been advised will not now be forthcoming. A potential change in Government could add to funding risk.

### 7.7 Capital Receipts Update

The capital receipts requirement within the medium term programme is £27.989m. At the end of July, actual capital receipts in hand were £1.854m as shown below.

	<u>£000</u>
Capital receipts b/fwd from 2008/09	347
Capital receipts received in 2009/10 as at 31 July 2009	<u>1,507</u>
Capital receipts available as at 31 July 2009	<u>1,854</u>

Latest capital receipts schedules still show that receipts in excess of £28m will be generated, but many of the receipts will be generated towards the end of the 5 year timescale, and temporary borrowing may be necessary to meet any timing differences. A capital financing reserve has been set up to met the any borrowing costs incurred.

7.8 The CPB has commenced an exercise to review the programme in the light of the potential reduced funding levels and action already taken includes :

- The removal of the Millbay docks basin works £2.5m – RDA grant no longer available
- A reduction in the costs of the Chelson Meadow schemes realising a genuine saving of £1.2m and reduction in the call on capital receipts
- All schemes will be re-profiled, including monthly cash flow forecasts, to ensure robustness for year on year spend forecasts.

- 7.9 Over the next few months we will continue to review and revise investment priorities in line with funding available.
- 7.10 The capital strategy for 2009/10 – 2013/14 outlined a number of projects under development. These projects are subject to ongoing work/ feasibility studies and do not currently form part of the approved programme and include:
- Accommodation Strategy/Civic Centre replacement
  - Parkside/training centre
  - History Centre

## **SECTION B- DEPARTMENTAL BUSINESS REPORTS:**

Key budget and CIP variations for each department are shown in scorecard format. Where there is a risk in relation to achieving either performance indicators, key CIP milestones and/or budget out-turn within agreed tolerance levels, 'Amber' or 'Red' tags have been displayed. Mitigation action to address such risks is detailed by each department.

### **8. Children's Services**

#### **8.1 Corporate Improvement Priorities:**

The Children's Services department is leading on the following Corporate Improvement Priorities.

- Keeping Children Safe (CIP 7)
- Improving skills and educational attainment (CIP 8)
- Developing high quality places to learn in (CIP 9).

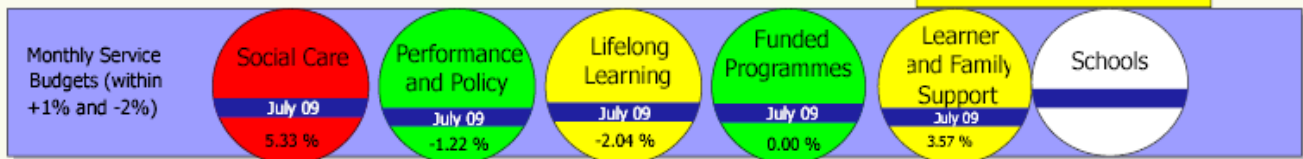
#### **8.2 Progress against priorities**

The following scorecard outlines progress against each CIP overall.



## Children's Services CIP Progress and Management Report

Childrens Services  
Monthly Revenue Budget  
July 09  
2.69 %



CIP 7. Keeping children safe Measures Milestones

Whilst the target for Core Assessments was achieved within timescales, the initial assessments target has been missed during this period and this will be a focus for the next period. The placement stability indicator remains challenging. Placement stability meetings have been introduced into practice but have not been fully embedded. The service aims to improve the matching of placements by introducing a 'payment for skills' fostering scheme and improving current processes and procedures. Family Group conferencing performed well in the first quarter and achieved the target, predictions for the second quarter also show that the target should be achieved for this indicator.

CIP 8. Improving skills and educational achievement Measures Milestones

Five milestones for improving skills and educational achievement have been achieved. Key developments include an early years improvement strategy focused on Efford neighbourhood has been written and will be delivered during the coming months. A bid to extend work with primary schools has been approved by DCSF for £60k to work with targeted schools in North West Plymouth. Successful residential programmes have been run for both Lipson Community College and Sir John Hunt Sports College where male carers and parents attended Mount Batten outdoor education centre. Eleven schools with their feeder pre-schools have received support to improve outcomes in communication, language and literacy development. The project has been quality assured by the regional national strategy. Ten primary schools have successfully worked in partnership to boost standards in English. Connexions have led the partnership activity around Not in Education Employment or Training (NEET's) and have co-ordinated action across the city to combat the trend of the increasing NEET cohort in the current economic climate. Work continues on reaching the remaining milestones.

CIP 9. Developing high quality places to learn in Measures Milestones

The completion of new school buildings opening in September are all on programme and will make a substantial step change to the communities they serve. Announcements on Building Schools for the Future are positive and planning is in place for entry into the National programme early 2010

### 8.3 Revenue Budget Monitoring - £1.398m overspend, 2.69% of Net Budget

Key reasons for the Department's overspend are:

- (a) Policy and Performance – (£0.041m) underspend, (1.22%) of net budget

(£0.072m) Additional funding from Learner & Family Support to support the Performance Management Service (Early Years) and other various savings totalling. (£0.030m) savings on Employee vacancy savings and reduced LSCB contribution compared to budget.

£0.061m pressure relating to the cost of the joint appointment arrangement with the Primary Care Trust (50% contribution towards the Assistant Director for Health post and his personal assistant) which was not included in the budget.

- (b) Learner & Family Support – £0.320m overspend, 3.57% of net budget

There is a net £0.320m overspend due to an increase in demand on Transport within the Pupil Access Service due to more Early Years placements requiring 1:1 escorts, more children in Mainstream who had previously attended Special Schools and a higher number of children with greater needs partly offset by employee savings across Learner & Family Support.

- (c) Lifelong Learning – (£0.250m) underspend, (2.04%) of net budget

(£0.200m) Early Years and Childcare Service employee cost savings in excess of target. (£0.050m) Utilisation of grant income within the Education 5 to 19 Service

- (d) Social Care – £1.369m overspend, 5.33% of net budget

Our In-House Fostering Service is currently implementing 'Payment For Skills' fostering rates in line with consultation, this has resulted in a net (£0.052m) saving within the Fostering Service.

The 16+ Service (Care Leavers) have reduced the provision of supported accommodation together with minimal reductions in other Looked After Children Services support in line with young people's needs resulting in a saving of (£0.111m).

The Adoption Service is showing an underspend of (£0.101m) as the need for regular financial assistance has been reduced by providing wrap around packages where appropriate together with reduction in take up of special guardianship placements.

There are pressures within the Looked After Children's Service of £0.754m as there are currently five placements over budget for Independent Sector Residential Care amounting to an additional £0.687m and other pressures identified within the Looked After Children's Service amount to £0.067m. This has also impinged on the cost of our legal agents which are currently projected to overspend by £0.097m (separate budget line). It must be noted that the council has no control over placements ordered by the court system which have unavoidable significant financial implications.

Savings in employee costs of (£0.380m) have been identified due to the review of the Family Support Services with vacancies being held pending completion of the review. The frontline service of Advice & Assessments is also experiencing problems with recruiting experienced Social Workers to deal with the most challenging area of the service.

To improve budget management now that the Carers Grant is no longer a specific grant, an agreement has been reached within Departments for Adult Social Care to vire the Children & Families element of the grant to Children's Services increasing Children's Social Care resources by £0.243m. This will be reported to Cabinet as a specific recommendation for a virement.

The number of Social Work vacancies has reduced dramatically although the Department has employed a significant number of newly qualified Social Workers who are currently being supported by our experienced workforce and a reduced number of Agency staff paid for from the Children's Workforce Development Grant.

As set out above, there are a number of known variations that have been reflected in the monitoring forecast. It has not been possible to identify any additional specific Action Plans to date resulting in a potential non-achievement of the £1.162m saving anticipated when setting the base budget. Indications are that whilst management action will continue to be taken to minimise the forecast overspend during the year, national and local high profile media cases will increase the pressures on the service. In addition, officers are currently assessing the potential implications of the Southwark judgement which relates to the new responsibilities for 16/17 year olds where previously short term help, such as housing support, was provided but now local authorities will be required to take them into care until the age of 25. This will not only have a financial implication, but will affect the numbers of looked after children and the stability of placements.

#### **8.4 Progress against 2008/09 Action Plans**

In order to meet the challenging target budget, the departmental management team agreed action plans totalling £3.540m for the 2009/10 revenue budget for Children's Services. Progress against the action plans is monitored by the Departmental Management Team. Currently, action plans totalling £1.742m have been achieved, plans totalling £0.636m are shown as Amber presenting some risk with £1.162m shown as Red presenting a high risk of not being achieved, as reported above. Management action will continue to be taken to manage this variation in the context of the issues raised above where the safety of children is not compromised.

#### **8.5 Key High Level Risks**

- Achieving the challenging Children Social care budget reduction whilst ensuring that safeguarding issues are not compromised
- Recognising that many of the performance indicators are the responsibility of Partners (as Leads) requiring the development of aligned or pooled budgets

#### **8.6 Departmental Medium Term Forecasts**

As part of setting the budget for 2009/10, each department was set a 3 year budget target. The targets for Children's Services are as follows:

	<b>Budget Target</b>
	£m
2009/10	51.869
2010/11	51.387
2011/12	52.377

The future year targets will be subject to review as part of the detailed corporate planning and budget setting exercise for 2009/10.

The key issue for the Department over the medium term is delivering a Value for Money (VFM) service throughout the department, especially within the Social Care division.

## **8.7 Capital Spend / Programme**

The latest approved Capital Budget for 2009/10 is £54.991m.

The revised 2009/10 forecast at the end of July was £58.426m, an increase of £3.438m, with actual expenditure of £10.589m. Details of the major variations are outlined below.

### **Variations and Medium Term Forecast**

New Approvals / Variations :

<u>£000</u>	
62	Additional 6 <sup>th</sup> Form Accommodation at Ridgeway School (S106)
121	Home Access ICT for Targeted Groups (New DCSF Grant)
596	School Kitchen and Dining Improvements (New targeted DCSF Grant)
350	Urgent SEN accommodation works at Plymstock and Longcause Schools (Supported by funding released from Big Lottery grant settlement).
150	Aiming High for Disabled Children, Short Breaks (New DCSF Grant)

Schemes re-profiled:

<u>£000</u>	
2,174	Estover Community Campus/Replacement College
(669)	Replacement of Temporary Classrooms – Boringdon Primary
440	Devolved Formula Capital
16	Condition Bid Programme
(8)	Hospital School Temporary Provision

## **8.8 Sure Start**

### **8.8.1 Sure start Revenue**

Sure Start Revenue grant for the year is £7.728m and is currently forecast to be spent in full.

## 8.8.2 Sure Start Capital

The confirmed allocations of Sure Start capital grant for 2008-11, was incorporated within the approved capital programme, with spend of £2.423m forecast for 2009/10. Early Years and Phase 3 projects are currently at feasibility stage and final allocations are being considered and a detailed business case pending. Most projects are likely to start in 2009/10.

All unspent Capital funds from the 2009/10 allocation will be carried forward to 2010/11 without the requirement for further DCSF approval.

## 9. **Community Services**

### 9.1 **Corporate Improvement Priorities:**

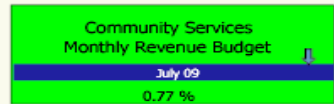
The Community Services department is leading on the following Corporate Improvement Priorities.

- Helping people to live independently (CIP 3)
- Reducing inequalities between communities (CIP 4)
- Providing more and better cultural and leisure opportunities (CIP 6)
- Disposing of waste and increasing recycling (CIP 10)

### 9.2 **Progress against priorities**


The following Scorecard outlines progress against each CIP overall.

**Community Services  
CIP Progress and Management Report**



CIP 3. Helping people to live independently Measures  Milestones 

We are continuing to make progress against our Local Area Agreement targets, increasing the number of people supported to live independently and having choice in the services that they receive. The services are now performing at Quartile 2 level for supporting people to live independently.

CIP 4. Reducing inequalities between Communities Measures  Milestones 

Planning permission has now been secured for the Efford Gypsy site and a lot of work has gone into the bid which has been submitted. However, there is a risk associated with availability of government funding. Work is progressing on Locality Working and formal consultation has now commenced. The contract for Financial Inclusion Advice Service has now been awarded to the Citizens Advice Bureau and Routeways to deliver support to individuals with an emphasis on responding to the recession.

**Community Services**  
**CIP Progress and Management Report Cont'd**

CIP 6. Providing more and better culture and leisure activities

Milestones  Measures 

In increasing opportunities to participate in diverse activities, the museum has been successful in obtaining the Excellence in Public Services Charter Mark and in securing the Joshua Reynolds Exhibition, Mount Edgecumbe has made impressive progress with commercial and partnership ventures. The Cultural Board is now well established and is identifying key priorities. Progress is continuing well with the Sport Strategy and the Sports and Leisure Facilities Management Project. More progress is required for the Olympics/Paralympics, the British Arts Show and the relocation of the records office.

CIP 10. Disposal of waste and increasing recycling

Milestones  Measures 

Our recycling rate is slightly below target because of an unseasonal drop in composting tonnages due to wet weather which reduced July's performance by more than 2%. There has been a successful roll out of an expansion to the garden waste collection scheme. A business case looking at the feasibility of a glass collection service, to increase recycling is being developed. The refuse collection service has continued to improve, and the number of complaints regarding missed bins has reduced significantly.

### 9.3 Community Services Dept – Forecast overspend of £0.795m

The department as a whole is projecting an end-of-year adverse variance of £0.795m (0.77%) of budget. The main variations are:

- (a) Adult Social Care – £0.750m overspend, mainly due to increased costs in Community Based Services, partially offset by departmental assumptions of savings made through the achievement of the Delivery Plans and improved procurement efficiencies of commissioned services and alternative service provision.
- (b) Culture, Sport and Leisure – £0.122m overspend mainly due to an anticipated deficit for the Mayflower Trust and lower income levels as a result of a delayed launch of new commercial facilities at Mount Edgecombe. The forecast overspend does not include Leisure management review cost pressures at this stage or potential in year pressures relating to a revenue grant to fund free swimming that would then, subject to conditions being met and a bidding process, lever in an additional £1m towards the Life Centre project. The Director is currently reviewing the budgets across the department to consider the options to address revenue pressures.
- (c) Environmental Services – (£0.077m) underspend the net effect of overspends in Parks, Waste Collection & Transfer and Grounds Maintenance offset by savings in Waste Disposal and the Public Protection Service.

### 9.4 Progress against 2009/10 Action Plans

A delivery plan was agreed as part of the 2009/10 revenue budget for Community Services. A significant number of the actions within the delivery plan impact on Adult Social Care, and current indications are that the actions are going to be challenging to achieve. Progress against the action plans will be monitored monthly by the Community Services Departmental Management Team.

### 9.5 Key High Level Risks

The key financial risks for 2009/10 across Community Services are:

- The high unit cost of adult social placements, particularly within Learning Disabilities, combined with the changes in funding responsibility between the PCT and Adult Social Care relating to both reviews of joint packages of care, Continuing Health Care and transfer of Learning Disability commissioning budgets.
- The ability of the department to increase service levels / client numbers to achieve the CIP targets – particularly within Adult Social Care.
- Managing expectations of enhanced levels of service against the approved budget particularly around waste collection and street scene.
- Increasing pressures of LATS and landfill tax on the waste disposal budget.
- Fall in predicted income due to economic downturn e.g. trade waste



## 9.6 Departmental Medium Term Forecasts

As part of setting the budget for 2009/10, each department was set a 3 year budget target. The targets have now been updated for the new management structure giving the following target for Community Services:

	<b>Budget Target</b>
	£m
2009/10	102.699
2010/11	112.695
2011/12	114.398

The key medium term issues for the department are:

- a) The demographic changes within the population resulting in increased need for adult social care services.
- b) The Personalisation Agenda with Individual Budgets will have a fundamental impact on Adult Social Care. Feedback from the pilot sites identify that this cannot be seen as a mechanism for providing savings. This will require careful monitoring during implementation to build on learning from other authorities experiences.
- c) The Municipal Waste Management Strategy (MWMS), identified that waste management costs would increase significantly in the future due to the need to procure a waste disposal facility. The business case identified a revenue shortfall of £215million. This equates to £8m per annum (2011-2013), reducing to a £6m annual increase (2014-2039). These pressures will need to be incorporated into future budgets.
- d) In the short term, the Authority also faces additional budgetary pressures to implement new recycling initiatives, buy LATS credits, fund increased landfill tax (£8 per tonne each year), and fund contributions to the 'balancing fund' account created to meet the above shortfall. These have already been reflected in the Medium Term Financial Forecast, but funding / budget savings have yet to be determined.

## 9.7 Capital Spend / Programme

The latest approved capital budget is £11.395m and actual expenditure as at the end of July 2009 was £1.276m. The latest forecast for the year is £11.397m.

The Community Services programme can be summarised as follows:

**Table 6**

<b>Community Services Capital Programme</b>	<b>Latest Approved Budget</b>	<b>Variations in period</b>	<b>Latest Forecast</b>	<b>Spend to 31<sup>st</sup> July</b>
	£000	£000	£000	£000
<b>Culture, Sport &amp; Leisure</b>	9,770		9,770	1,224
<b>Adult Social Care</b>	576		576	10
<b>Environmental Services</b>	1,049	2	1,051	42
<b>Community Services</b>	<b>11,395</b>	<b>2</b>	<b>11,397</b>	<b>1,276</b>

## 10. Development

### 10.1 Corporate Improvement Priorities:

The Development Department is leading on the following three Corporate Improvement Priorities :

- Providing better and more affordable housing (CIP 5)
- Improving access across the City ( CIP 11)
- Delivering sustainable growth ( CIP12 )

### 10.2 Progress against priorities

The following Scorecard outlines progress against each CIP overall.

## Development - CIP Improvement & Management Report

Development Monthly Revenue Budget
July 09
6.97 %



CIP 5. Providing better and more affordable housing

Measures ● Milestones ●

Between April and July 61 new homes were completed, keeping us on track to deliver our LAA target of 226. We are in line to secure Government Kickstart funding to house builders of £3.9m for 3 projects to support the completion of 201 homes on sites that are presently stalled due to the housing market slowdown. Cabinet have approved a package of City owned sites and funding that has helped secure £44m of HCA funding for the redevelopment of North Prospect to support wider Stock Transfer across the City, and which will deliver over 200 new affordable homes by 2011. However, negotiations with HCA to set up a Local Housing Company have slipped given the need to prioritise work on a solution in North Prospect. Our homelessness prevention activities and money advice has prevented 185 households across all tenures from becoming homeless.

CIP 11. Improving access across the city

Measures ● Milestones ●

There are some key risks and slippage issues that are contributing to the red rating for this CIP. However these are being managed and we therefore expect to show improvement in the next report. A review of the bus networks is now complete and the final version is now expected to be in place by the end of July. The Accessibility Action Plan is to be incorporated into proposed bid with Local Transport Plan support, into the North Stonehouse Neighbourhoods Project. Meetings scheduled for June with Childrens Services and NHS Trust to progress -delivery of Action Plans. Currently the publication of the Plymouth Strategic Cycle Network is on Schedule for completion in December 2009.

CIP 12. Delivering sustainable growth

Measures ● Milestones ●

Of the 29 key milestones within the 7 key improvement areas 2 have been completed, 25 are on schedule, 2 have slipped. In relation to job creation all actions are on schedule with support continuing to the LSP Wealthy Theme Group and the CDC. Work has commenced on urban enterprise workshop projects and implementation of the Recession Response and Market Recovery Delivery Plan agreed by Cabinet on 2nd June 2009 has begun. Of the 16 sites accepted under the Market Recovery Action Plan, 2 have planning permission, 2 are the subject of current planning applications, 4 have been withdrawn and 8 are being worked up. In relation to new homes regeneration projects continue to be implemented with recent approvals for Sherford, and projects in Devonport being key. On strategic infrastructure, submission of the Eastern Corridor Major Scheme Bid has been reprogrammed, but the successful East End CIF bid will enable us to bring forward major elements of the project more quickly. Central Park masterplanning has commenced and bids for other greenscape and transport infrastructure projects are on schedule. Milestones relating to delivery of growth programmes are all on track except the establishment of a Growth Board. These are at risk, however, due to the Government's withdrawal of nearly £2.4 million of New Growth Points funding and cuts in the RDA budget. On the Local Development Framework the City Centre Area Action Plan has been agreed for submission and all other statutory documents are on schedule. In terms of capacity to deliver city growth, the Statement of Community Involvement has been completed and a place making skills programme will be completed shortly. In relation to enhancing Plymouth's strategic influence in the region support arrangements for the Strategic Leader's Forum have been established and work on the RSS and LGR are largely complete.

### 10.3 Revenue Budget Monitoring – forecast over-spend of £1.010m

Development currently has a forecasted overspend to year end of £1.010m. This is mainly due to income shortfalls of £0.244m for planning applications, commercial rents, building control and £0.251m of car park income. Officers are, however, reviewing potential car park improvements, including the impact of the recently upgraded Theatre Royal car park pay on foot scheme, and these will be monitored closely over the coming months.

Other adverse variations on expenditure include £0.059m due pressures on funding for CCTV, £0.153m of employee costs not currently being met, £223k from an understatement of capital charges on the parking account and other variations totalling £0.080m.

### 10.4 Development Trading Accounts

The position on the trading accounts as at the end of July 2009 is as follows:

**Table 7**

	Latest Approved Budget	Outturn Forecast July 09	Latest Variance
	£000	£000	£000
Off Street Parking	(1,114)	(895)	219
On Street Parking	(1,336)	(1,304)	32
Street Trading	0	0	0
City Market	142	139	(3)
<b>Total</b>	<b>(2,308)</b>	<b>(2,060)</b>	<b>248</b>

### 10.5 Progress against 2009/10 Action Plans

£3.060m of action plans were agreed as in order to meet the target budget for 2009/10. This includes the action plans that were set for Property & Economic Development but does not include any Action Plans for Strategic Housing.

The majority of action plans relate to restructuring of services and reductions in staffing which are now largely complete.

Currently, only £0.107m has been highlighted as being at high risk on not being achieved, although all of the action plans are under review.

### 10.6 Key High Level Risks

#### **Income**

There is continuing recessionary pressure on business throughout the city and initial indications are that income from rentals, planning applications and building control may be further affected beyond the assumptions already built into the budget. It is still too early to quantify the full impact as some income does not follow any particular trend. The Council has, however, produced a Market Recovery Delivery Plan which has identified the key pressures and endorses a number of priorities to support businesses. These areas will be closely monitored and will be the subject of further reports.

## Housing

As part of the housing stock transfer, the Council is required to put in place a viable business plan for tackling housing issues in the North Prospect Estate. The authority is currently in consultation with the Homes and Communities Agency over funding arrangements. The potential financial implications are not yet known and will be the subject of a future report.

Other areas sensitive to consumer demands are concessionary fares and the annual dividend received from the local bus undertaking. Again it is too early to tell as to whether expenditure and income will be maintained at budgeted levels

## 10.7 Departmental Medium Term Forecasts

As part of setting the budget for 2009/10, each department was set a 3 year budget target. The targets have now been updated for the new management structure giving the following target for Development and Regeneration:

	<b>Budget Target</b>
	£m
2009/10	16.501
2010/11	17.549
2011/12	18.927

## 10.8 Capital Spend / Programme

The latest approved capital programme for the year is £23.141m. Variations during the period total £1.276m giving a revised programme for the year of £24.417m. Actual spend at the end of July was £2.126m. An element of the programme will transfer to Corporate Support and this will be adjusted on the next monitoring report.

Significant variations against individual capital schemes arising in the period are:

### £000

#### 400 A38 Junction Improvements

Proposals have been approved by members of the Capital Programme Board, making use of £400k of New Growth Point funding in 2009/10, to make technological improvements to relieve congestion at Manadon junction.

#### 385 Royal William Yard Noise compensation

There was £334k in the Latest Approved Budget for the removal and replacement of windows in parts of Durnford Street; which was agreed to be carried out as compensation to provide better noise insulation to the properties. This further approval of £385k, increases the total amount to be spent in 2009/10 to £719k. This makes full use of the balance that remains of a former year specific contribution that was paid to the Council to fund these works.

#### 370 Cumberland Gardens (to transfer to corporate support)

Environmental works at Cumberland Gardens to be met by DRCP grant

## **MTFP Issues:**

(a) Waste Contract savings

As a result of more favourable contract awards than anticipated, it is envisaged that following an update to the forecasts for other known changes (currently being undertaken by the Project Officer), there will be budget savings (yet to be finalised) to be reported in next months monitoring. It has been assumed for the purposes of meeting the savings required as a result of the reduction in the New Growth Point allocation explained below, that these savings will be in the region of £1m.

(b) New Growth Point grant funding reduction 2010/11

Plymouth City Council has recently been notified of a reduction in its proposed capital funding allocation from the Department of Communities & Local Government for 2010/11, from £5.4m to £3.1m. Officers in Development have reviewed the list of commitments which are planned or are currently underway, to make use of the overall £11.9m funding which is now available for the 2009 – 11 period. If savings have to be made from projects currently included in the capital Programme, the potential savings could come from:

£1.125m:

Deletion of the infrastructure proposals to provide for Eastern Corridor Country Park & Derriford Community Park.

£1m+:

Substitution of contract savings from waste contract savings to other Capital projects currently shown as funded from New Growth Point, for example West End.

(c) North Cross Footbridge insurance claim.

There remains a potential shortfall in the value of the insurance monies to be recovered, for which alternative resources may need to be identified. The background to this was reported in last months report.

(d) Local Transport Plan.

A revised programme for projects which are funded from the Single Capital Pot supported borrowing and grant for 2009/10, has been circulated to members of the Capital Programme Board, for approval. The variations arising within this have been included in detailed scheme forecasts. Forecast expenditure, funded from S.C.P, is currently £38k more than the Dft approved settlement. This over commitment will need to be addressed through expenditure reductions, achieved through close monthly monitoring, and exploration into alternative methods of funding, such as Section 106.

(e) East End

A report is currently being prepared for Cabinet in September 09 which will discuss the submission of the final approval application for £8.6m Regional Infrastructure Funding required to part fund, this £19m project. An initial project proposal for the full £19.4m scheme, has also been prepared and is currently being considered by Members of the Capital Programme Board. Development costs continue to be incurred and charged to revenue for this project.

## **11. Corporate Support**

### **11.1 Corporate Improvement Priorities:**

The Corporate Resources department is leading on the following Corporate Improvement Priorities.

- Improving Customer Care (CIP 1)
- Supporting Staff to Perform Better (CIP 13)
- Providing better Value for Money (CIP 14)

### **11.2 Progress against priorities**

The following Scorecard outlines progress against each CIP overall.

## Corporate Support CIP Progress and Management Report

Corporate Support  
Monthly Revenue Budget

July 09  
0.98 %

Monthly Service  
Budgets (within  
+1% and -2%)

**Finance  
Assets &  
Efficiencies**

July 09

0.3%

Democracy  
and  
Governance

July 09

4.16 %

HR

July 09

-4.43 %

Customer  
Services &  
Business

July 09

1.11 %

**ICT**

July 09

-0.10 %

Departmental  
Management

July 09

0.00 %

### CIP 1. Improving Customer Service

Milestones

Measures

Customer Services have completed the Customer Service Excellence Assessment and the Department is now accredited. A bid for funding a pilot area and regional champion for the 'getting it right and righting the wrongs' toolkit has been submitted. ICT are installing a complaints module to the customer management database to be completed by December 2009. Mystery shopping consultation for reception points has been developed and rolled out across First Stop, Midland and Windsor House. Plans to support improvements within Parking, Cashiers and Social services, aim to be implemented by the end of October. A staff customer service recognition scheme has been created and will be considered by CMT in the next two months. Learning and Development have created a customer care skills training course and will be piloting this in September. An outline project plan has been submitted for consideration by Waste Services and a revised final copy will be implemented in by 1 October 2009.

### CIP 13. Supporting Council staff to perform better

Milestones

Measures

Overall this CIP is on target although the number of appraisals completed is below target. This has occurred during the implementation of the new appraisal system but it is expected that this will be recovered in the next quarter as the new scheme takes effect. There is also minor slippage on the development of the communications strategy but this will shortly be back on track incorporating links with the wider reputations project. The Job Evaluation appeals project has been completed in the last period and negotiations are continuing with the unions. In excess of 400 Managers have been trained in the new Competency Framework. An initial e-Learning programme for 'Managing Attendance' is now available for all users across the organisation. A project plan is being built and agreed for the Staff Survey (to take place 2010) and a draft 'Performance Management Framework' is now ready for consultation. Manager Self Service development is continuing with the technical platforms due to be moved over August/September in an aim to stabilise the environment for future use.

### CIP 14. Improving value for money

Milestones

Measures

The Accommodation Strategy has been approved and is now being translated into investment and action plans. We have achieved £5.4m of efficiencies in year against an initial 2008/09 target of £7.9m due to the new methodology for NI 179 having more stringent requirements than the old Gershon efficiency arrangements. Revised targets and actions for 2009/10 are being developed, linking efficiency savings to priority Value for Money reviews. A senior post within Finance has been designated to lead on the co-ordination of and improvement of driving VFM and efficiencies across the council.

The Council's Carbon Reduction Commitment (CRM) has confirmed the potential financial liabilities to be incurred from 2010 onwards. These liabilities need to be incorporated in the Medium Term Financial Plan and relevant actions and training have been developed to help reduce our carbon footprint and hence reduce financial penalties. The IDEA have recognised the Council's positive environmental sustainability work as a best practice case study. The action taken on carbon management was also recognised with a 2009 SW carbon positive award. We now need to develop a robust delivery plan to support our Environmental Policy.



### **11.3 Revenue Budget Monitoring – Forecast overspend of £0.133m**

The main variations are:

(a) Finance, Assets and Efficiencies:

An overspend of £0.055m. Various action plans have been put in place to achieve efficiency targets. The remaining overspend primarily relates to the current reorganisation of the Printing and Documents Service (PADS). Negotiations are well underway to reduce the overall net costs of PADS, however, full year savings will not be achieved in 2009/10.

(b) Democracy and Governance :

An overspend of £0.238m mainly in respect of action plan efficiencies that transferred from the 'old' Chief Executives Department which are in the process of being addressed.

(c) Human Resources

An under spend of (£0.178m) mainly as a result of vacancies and secondments to major projects.

A further (£0.076m) underspend is projected on Single Status as assumptions on staffing levels to support panels and work streams have changed. However, this funding was funded from a carry forward budget which will be subject to clawback later in the year.

### **11.4 Progress against 2009/10 Action Plans**

£1.266m of new action plans were set within the 2009/10 revenue budget for Corporate Support (excluding Property & Economic Development). As at the end of July, monitoring of progress indicated £0.224m has been rated as at high risk of not being achieved. The high risk element relates to actions transferred from the 'old' Chief Executives Department and rely to some extent on savings being delivered across the Council as a whole.

### **11.5 Key High Level Risks**

The key financial risks for Corporate Support are:

- (i) Managing increasing demand for services, in particular Revenues and Benefits assessments and use of legal services for looked after children cases, whilst driving efficiency savings and improving performance
- (ii) Managing the Council's Corporate Estate.

### **11.6 Departmental Medium Term Forecasts**

As part of setting the budget for 2009/10, each department was set a 3 year budget target. The targets have now been updated for the new management structure giving indicative targets for corporate support of:

	<b>Budget Target</b>
	£m
2009/10	35.703
2010/11	34.718
2011/12	36.028

## **11.8 Capital Spend / Programme**

The original capital programme for 2009/10 was £0.707m which has been increased for further slippage at 2008/09 outturn of £0.387m giving a total programme for the year of £1.097m.

Total expenditure to the end of July is £0.483m, which equates to 44.18% of the approved programme.

## **12. Chief Executive**

### **12.1 Corporate Improvement Priorities:**

The Chief Executive's department is leading on the following Corporate Improvement Priorities.

- Informing and Involving Customers (CIP 2)

### **12.2 Progress against priorities**

The following Scorecard outlines progress against each CIP overall.

## Chief Executive's CIP Progress and Management Indicators

Assistant Chief  
Executives Monthly  
Revenue Budget

July 09

1.82 %

Monthly  
Service  
Budgets  
(within +1%  
and -2%)

Corporate  
Communications

July 09

-4.18 %

Performance,  
Policy and  
Partnerships

July 09

3.49 %

CIP 2. Informing and involving customers

Measures



Milestones



Achievements during June and July include: Place Survey results were published nationally on 23rd June - Plymouth's final report will be published by the end of September. Following launch of the Compact, work commenced on raising the profile of the consultation commitments contained in the supporting code of practice. The first of 3 residents' panel surveys (before Dec 09) was completed, and planning started for the second. The Supporting Members Group was briefed on the Duty to Involve as part of the Member Development Programme

### 12.3 Revenue Budget Monitoring – over spend of £0.048M

The Chief Executive Department's monitoring for July shows an adverse variation of £0.048m. This represents a 1.8% overspend which is over the financial targets set for this year and is due mainly to the shortfall in 2009/10 actions plans.

#### (a) Policy and Performance – over spend of £0.072m

The adverse variation relates to efficiencies that have not been clearly identified at this stage but are to be met from the review of resources across all departments to produce a co-ordinated approach, standardisation of systems and processes and will include restructuring.

(b) Corporate Communications – under spend of (£0.024m)

This is the vacancy saving above the assumed staff turnover target assuming the current vacant post will not be filled until October.

#### **12.4 Progress against 2009/10 Action Plans**

£0.505m of action plans were set within the 2009/10 revenue budget for Chief Executive's Department. £0.275m has been achieved in full, £0.158m is considered amber risk and £0.072m relates to savings anticipated across the Council as a whole and currently at high risk of non achievement.

Green and amber plans relate to the securing of funding for the LSP back office and other posts and relate to 2009/10 only. Funding for these posts has not been secured in future years.

#### **12.5 Key High Level Risks**

The high risk area within the Chief Executives area is delivery of the review of resources action plan as the new structures will take time to implement.

#### **12.6 Departmental Medium Term Forecasts**

As part of setting the budget for 2009/10, each department was set a 3 year budget target. The targets have now been updated for the new management structure giving indicative targets for Chief Executives of:

	<b>Budget Target</b>
	£m
2009/10	2.637
2010/11	1.197
2011/12	787

### **13. Corporate Items & Cross-Cutting Issues**

#### **13.1 Corporate Items - Revenue Budget Monitoring – underspend of (£0.082m)**

The favourable variation within corporate items relates to residual savings in energy contracts of (£0.082m), after allowing for a transfer of £0.218m to corporate support to meet pressures in corporate property costs.

#### **13.2 VAT – 'Fleming' Claims**

As reported last time, the Council, in common with many other local authorities, has submitted a number of claims in respect of overpaid VAT. The council has now received the backdated interest, giving a total reimbursement of £0.477m. This will

be transferred to the Corporate Improvement reserve in accordance with the approved recommendation.

### 13.3 Redundancy Position

As part of the budget setting exercise for 2009/10, officers identified that a number of redundancies across the Council would be inevitable. Steps have been taken to minimise the impact by deleting vacant posts and natural wastage where ever possible. As at the end of July, a total of 26 staff had left the authority at a total cost, including strain payments into the pension fund, of £0.321m. Final details are awaited for a further 32 staff, at an estimated cost of £0.695m, bringing the total one-off cost to £1.016m. The Council does have an earmarked reserve to meet the costs of redundancies and this stood at £1.133m at 1 April 2009, leaving just £0.117m in the reserve as at the end of July. Once the reserve has been exhausted, any further costs will add to the pressure on the revenue budget.

In the past the authority has been able to apply for a Capitalisation Direction to meet the costs of redundancies. However in order to qualify for a Capitalisation Direction, the costs of each individual element, ie statutory, non statutory and strain payment must exceed a threshold of 0.025% of budgeted expenditure which for Plymouth is £1.019m. On current projections, no individual element currently exceeds the threshold, but the situation will continue to be closely monitored.

### 13.4 Stock transfer - Corporate impact

The Housing Stock transfer is scheduled to take place on 19 October 2009 and there will be a number of corporate cost implications that need to be quantified and addressed by the Council during the transfer process. The Council is aiming to mitigate the impact of these costs as part of the ongoing negotiations with Plymouth Community Homes.

### 13.5 Contingency

#### (a) General Contingency

The 2009/10 budget includes a general contingency budget of £0.500m. There are currently no commitments or approvals against this budget however, our revenue forecasting within this report assumes that the full amount will be spent at year end.

#### (b) JE contingency

In addition the Council has £3.614m held in contingency to meet the costs of JE appeals. All the appeals have now been agreed and final payments will be made in August. Work is now ongoing to re-allocate the contingency across departments to meet the increased costs from successful appeals.

### 13.6 Partnership – Accountable Body Schemes – DRCP

The final grant allocation for the year has now been confirmed as £7.621m. Actual spend at the end of the 1 quarter was £0.337m with claims yet to be processed totalling £0.610m.

The delivery plan for 2009/10 assumed land acquisitions of £1.2m would be achieved in 2009/10. This element of the delivery plan is now unlikely to be achieved and DRCP staff are seeking alternative schemes to utilise the grant

available. In order to provide an element of flexibility and give further time to work up and consider options, approval has been given by NDC to slip the 'local solution' monies into 2010/11.

The final grant year is 2010/11 and attention is focussed on the succession planning for the post grant period. The authority as the accountable body will be required to sign off the plans by 31 October 2009 and a report outlining proposals will be brought to Cabinet in early October.

### 13.7 Reserves and Balances

#### (a) Working Balance

The Council's Working Balance currently stands at £11.739m which equates to 5.9% of net revenue spend. This is within the tolerance levels within our Medium Term Financial Strategy, (March 2009), and is in line with the Unitary Authority average.

#### (b) Reserves

The Council has created a number of specific reserves in order to plan in advance for known and anticipated future revenue costs. At 1 April 2009, these reserves stood at £23.631m. The total on these reserves will fluctuate during the year as they are used to meet ongoing pressures.

The main reserves and their purpose is shown at Appendix C.

## Section C – Treasury Management

### 14. Loans and Investments

#### Borrowing

14.1 The Council's loans at 31 July 2009 were:

<b><u>Borrowing</u></b>	<b>Principal O/S £000s</b>	<b>Average Rate %</b>
PWLB (Public Works Loan Board)	141,500	5.4528
Market Loans	130,000	4.4202
Bonds	83	3.4458
Temporary Loans	25,000	0.3240
<b>Total Borrowing:</b>	<b>296,583</b>	<b>4.5673</b>
<b>Add Devon Debt @ 31/07/09</b>	<b>34,927</b>	<b>5.4000</b>
<b><u>Total Debt</u></b>	<b>331,510</b>	<b>4.6551</b>

14.2 The following borrowing limits for 2009/10 were approved by Council in March 2009:

- Authorised limit £460m
- Operational boundary £430m

14.3 The maximum borrowing outstanding in the period 1 June 09 to 31 July 09 was £338.51m on 17 July 09. This was within both the authorised limit and the operational boundary. At 31 July 09 borrowing had fallen to £331.51m. Borrowing at 1 April 09 was £405.734m. The reduction is due to the repayment of temporary borrowing taken to cover PWLB repayments made in 2008-09 and £11m of PWLB repaid on 28 May 2009 achieving a discount of £100,903.56.

14.4 Based on the latest capital programme projections, there will be a need to take out additional loans to the value of at least £25m during the year. As actual spend on the capital programme remains low at the present time, the financing requirement is being managed via general cash flows, temporary borrowing and balances. This ensures the Council does not take out additional loans at relatively high interest rates before they are required. However it does highlight the need for accurate forecasting of capital spend to ensure the Council's net return from its treasury management activities are maximised.

#### Investments

14.5 At 31 July the Council's investments stood at £157.666m.

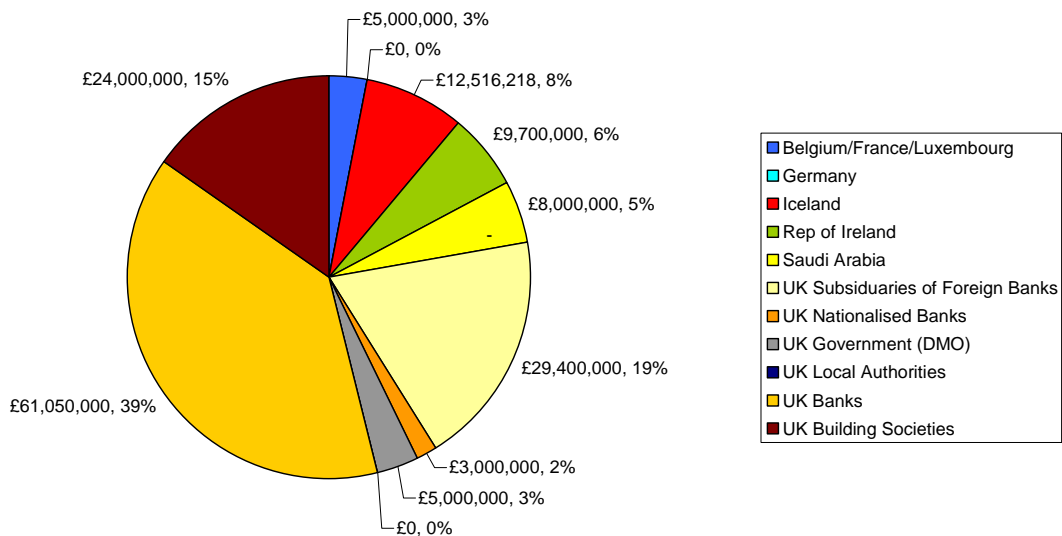
14.6 Investments are made short term to cover cash flow and liquidity requirements and longer term to maximise and guarantee future income. In line with our investment strategy for 09-10 the following longer term deposits were taken in June to July.

Amount	Start Date	End Date	Term (days)	Rate %
£5.0M	09/06/09	08/06/10	364	2.05
£5.0M	03/07/09	07/01/10	184	1.36

14.7 The current market conditions continue to put pressure on the Council’s treasury management activity. Interest rates being attained on investments are now falling below target and there have been no opportunities for debt repayment without incurring a premium.

14.8 Although the level of investment has reduced significantly, there remains an inherent risk in the portfolio in terms of investment in the current climate. Council Officers continue to manage risk out by the most appropriate methods in conjunction with our Treasury Advisors. The pie chart below shows the analysis of the investment portfolio as at 31 July 2009.

**PCC DEPOSITS BY COUNTRY AT 31st JULY 2009 - Total Deposits  
£157,666,218.38**



14.9 All new investments are made in accordance with the approved counter party list, for varying periods up to a maximum of 12 months, based on liquidity requirements and the overall investment maturity profile.

**Prudential Indicators**

14.10 Under the arrangements set out in the Prudential Code for Capital Finance in Local Authorities, individual authorities are responsible for deciding the level of their affordable borrowing, having regard to the Code, and for establishing a range of prudential indicators covering borrowing limits and other treasury management



measures. The prudential Indicators were approved by Council on 3 March 2008 and amended in October 2008. Appendix D outlines the final performance against all the indicators for 2008/09.

## Section D- Housing Revenue Account

### 15. Housing Revenue Account (HRA)

15.1 Revenue Monitoring - Forecast (£0.070m) favourable variation.

**Table 10**

	Latest Approved Budget £000	Latest Forecast Outturn £000	Monitoring Variation to 30 July £000
Income	(45,556)	(45,556)	0
Expenditure	45,622	45,552	(70)
Less Transfer from Reserves	0	0	0
(Surplus) / Deficit	66	(4)	(70)
<b>Working Balance</b>	<b>(1,976)</b>	<b>(2,046)</b>	

- Overall the forecast monitoring variation for the year is £0.070m favourable, providing a surplus for the year of £0.004m, with a Working Balance forecast of £2.046m.
- Following a successful tenant vote in November 2008, the council is due to transfer it's 15,000 dwellings to Plymouth Community Homes (PCH), a new not-for-profit Housing Association, on 19th October 2009. Monitoring information will continue to be presented on a full year basis until final formal approval from the Secretary of State is received.
- Income - Although the overall position for income is as per budget, it should be noted that there are offsetting variations within Dwelling rental income and HRA Subsidy. This is as a result of the option provided by Department of Communities & Local Government (DCLG) to reduce the approved 2009/10 rent rise.
- On 27th April Council approved a rent free period to enable this option to be implemented at Plymouth. This has been a complex issue, partly due to the timing of the Government announcement and the planned transfer of the housing stock to PCH mid way through the financial year. Should the transfer proceed on 19th October as planned, the reduction in rent approved by Council will be approximately £0.900m, which will be offset by £0.600m amendment to Subsidy and £0.300m contribution from PCH.
- Repairs – The key pressure in the HRA continues to be repairs and, whilst budgets have been maintained at last year's levels, this remains a potential risk area due to the condition of the stock. Whilst there is significant pressure within responsive repairs this has been partially offset by an improved position within the building

trading account and this should only lead to an overall adverse variation of £0.130m.

- Contingency – £0.200m of the contingency budget has already been allocated to ensure that the HRA year-end working balance remains above £2m. The remainder of the contingency has been ring fenced to absorb any post transfer issues.

## **15.2 HRA - Key High Level Risks**

- a) Repairs costs will continue to be a high risk area within the HRA. Current indications are that there will be an adverse variation of £0.130m against the repairs budgets.
- b) The planned housing stock transfer to PCH on 19<sup>th</sup> October may result in the Working Balance being higher or lower than budgeted due to timing of income and expenditure. This is kept under review by the HRA Management Board.

## **15.3 Capital Spend / Programme**

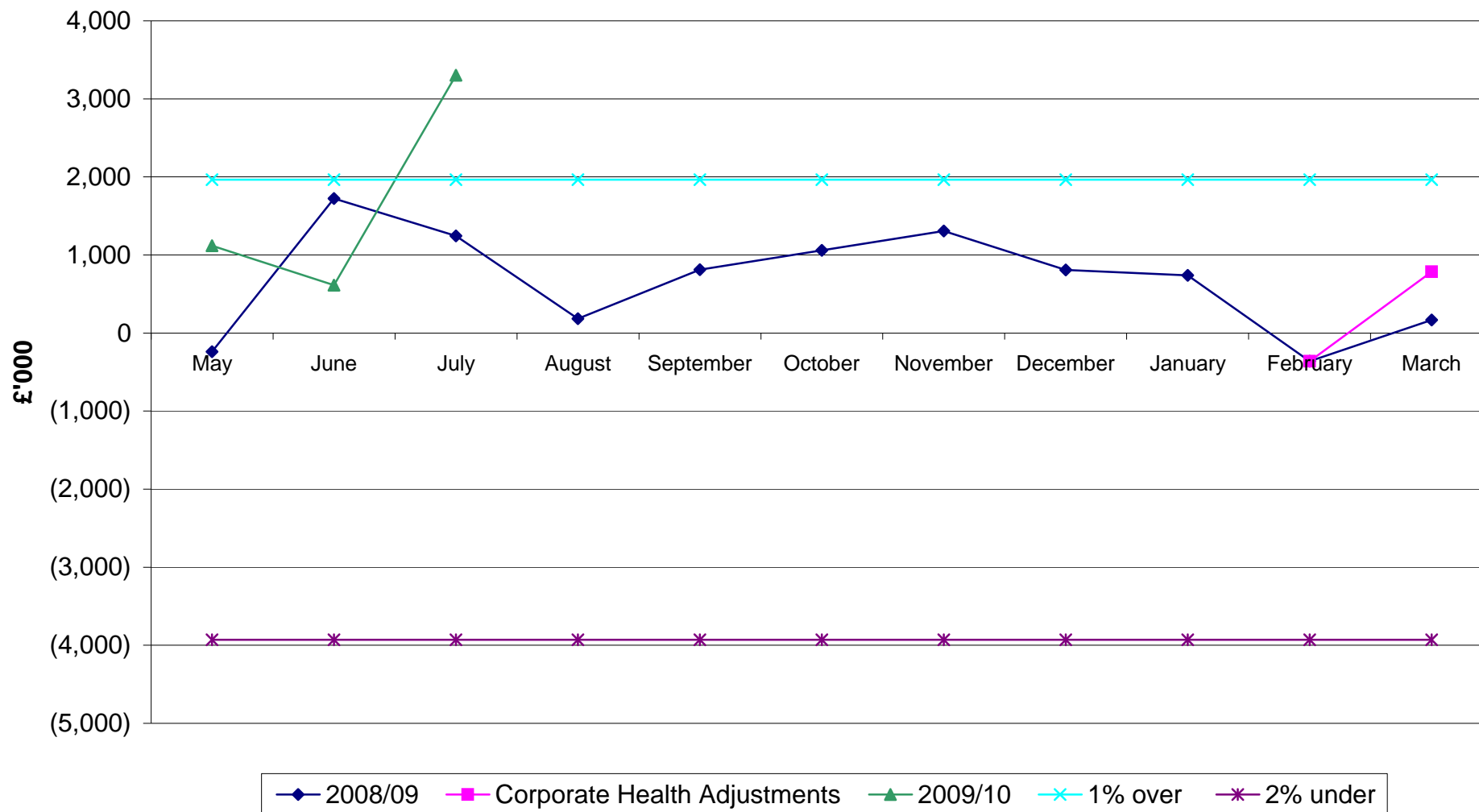
The latest approved capital programme for the year is £7.761m. Actual expenditure as at the end of July 2009 was £2.464m. there have been no movements on the programme during the period.

## **Section E – Concluding Remarks**

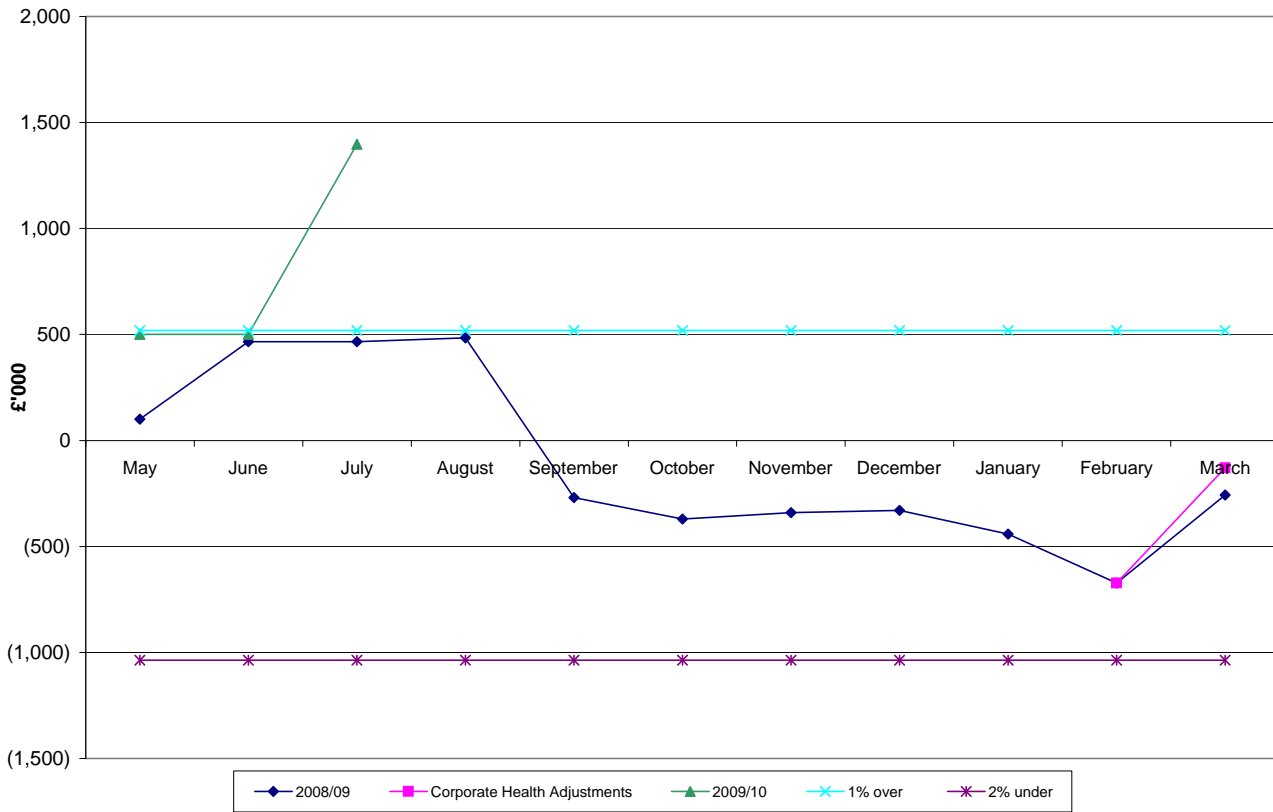
### **16. Summary**

- 16.1 Performance information has been shown in a scorecard format highlighting the overall position of each CIP with narrative provided by each CIP lead to explain any issues arising and actions being taken
- 16.2 General Fund is forecasting a year end adverse variation (or overspend) of £3.302m, 1.7% of net revenue budget.
- 16.3 The revised in-year capital forecast and financing requirement is £82.478m, with actual spend as at 31 July 09 standing at £16.938m.
- 16.4 The HRA is projecting a forecast underspend of (£0.070m).

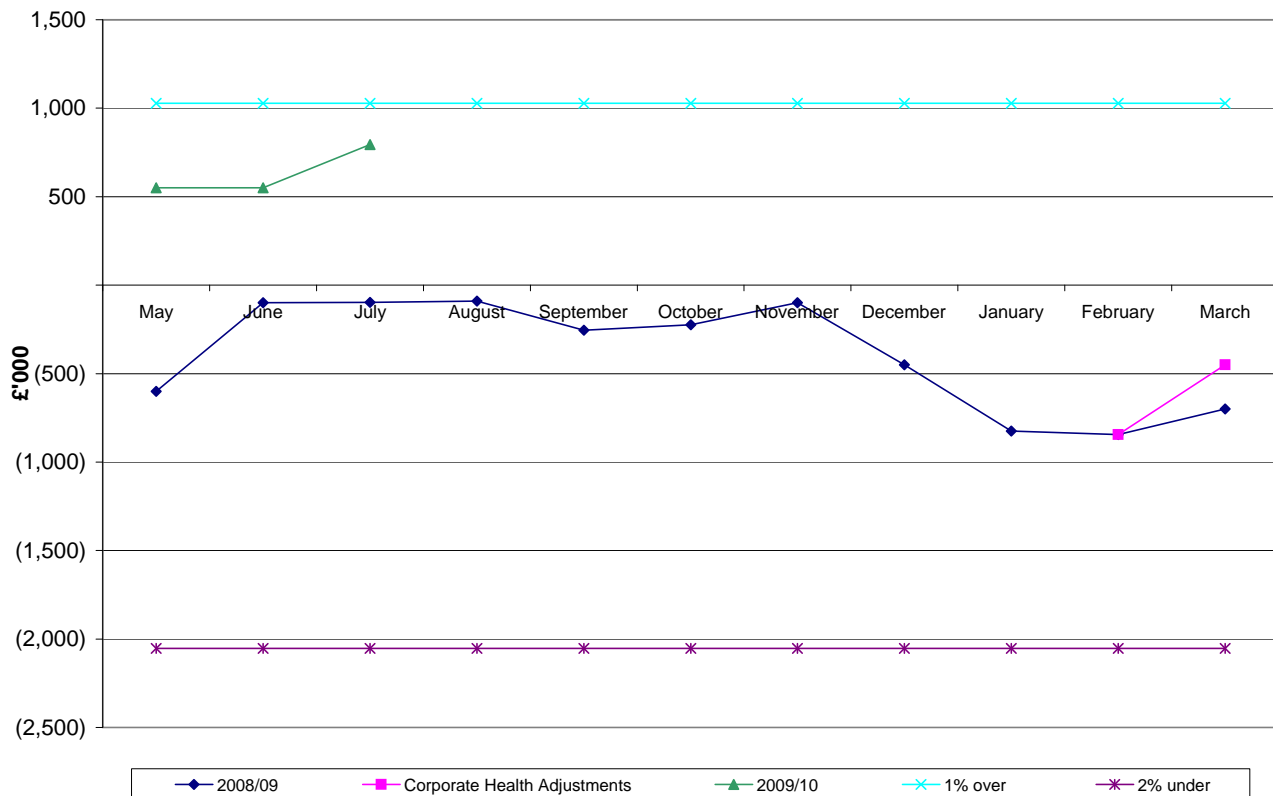
### General Fund Monitoring Comparison 2008/09 & 2009/10



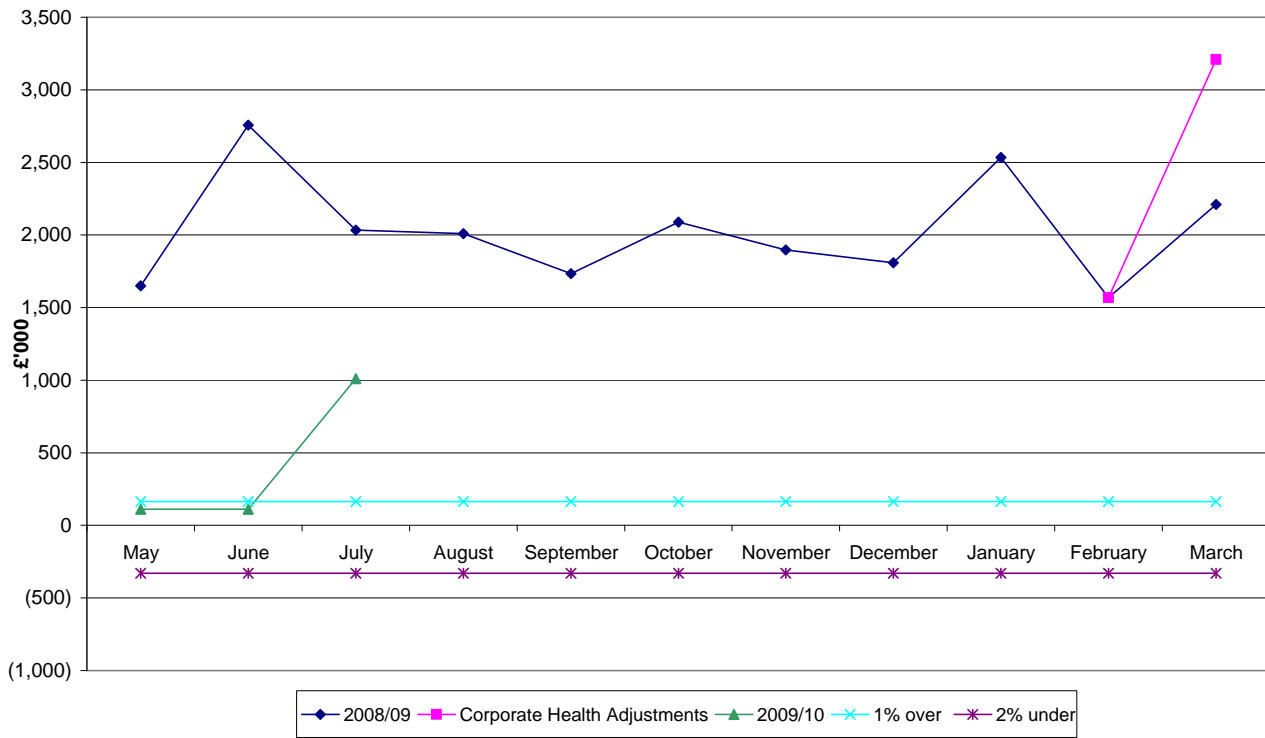
### Children's Services Monitoring Comparison 2008/09 & 2009/10



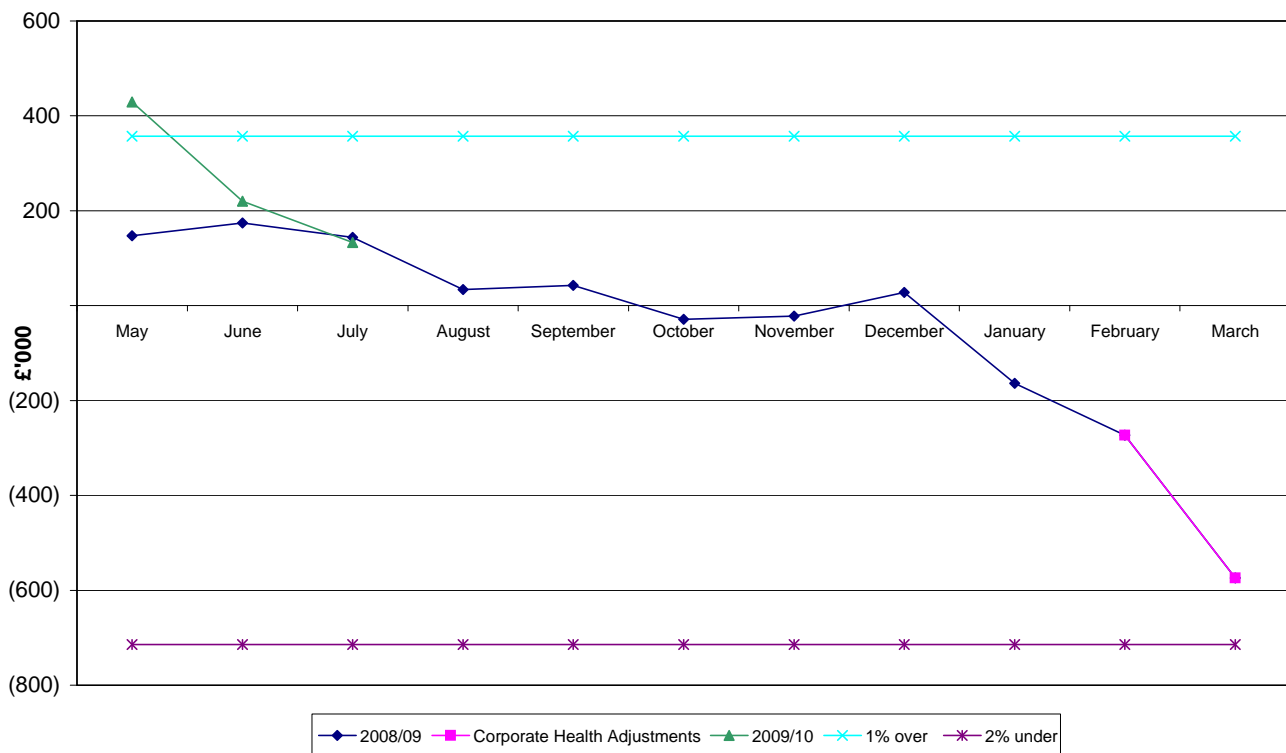
### Community Services Monitoring Comparison 2008/09 & 2009/10



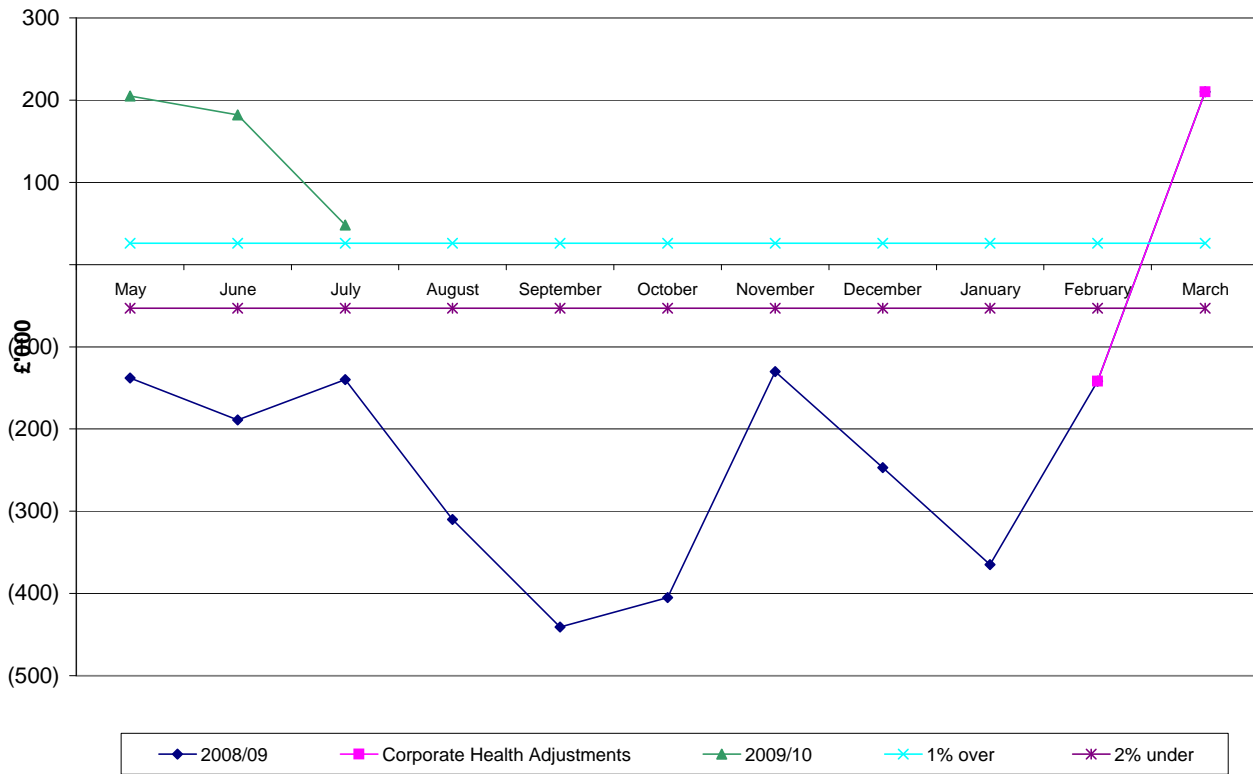
### Development Monitoring Comparison 2008/09 & 2009/10



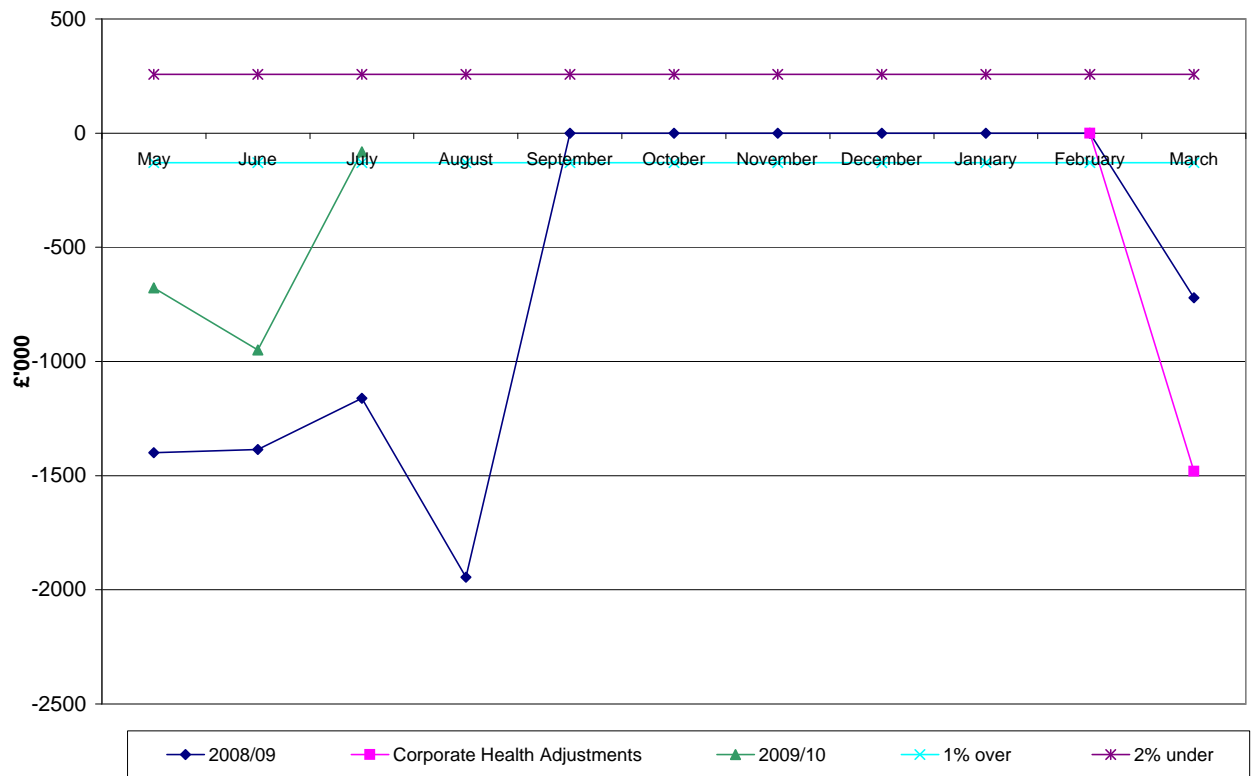
### Corporate Support Monitoring Comparison 2008/09 & 2009/10



### Chief Exec Monitoring Comparison 2008/09 & 2009/10



### Corp Items Monitoring Comparison 2008/09 & 2009/10



**SUMMARY CAPITAL PROGRAMME - as at 31st July 2009**

	Budget						Expenditure £'000	Financing					
	Latest Approved Budget (May)	New Approvals (June & July)	Re-Profiling (June & July)	Virements (June & July)	Variations (June & July)	Latest Forecast (July)		Capital Receipts	Unsupported Borrowing	Supported Borrowing	Grants, Contributions & Section 106	Revenue & Funds	Total Financing
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	54,991	1,477	1,961		(3)	58,426	10,589	2,707	6,997	11,981	36,696	45	58,426
Community & Neighbourhood	11,395		48		(45)	11,398	1,276	936	6,918		3,495	48	11,398
Corporate Support	1,097					1,097	483	7	2		1,087		1,097
Development & Regeneration	23,141	1,155	130		(9)	24,417	2,126	1,358	2,724	4,600	15,422	313	24,417
HRA	7,761					7,761	2,464			2,076		5,685	7,761
<b>Grand Total</b>	<b>98,385</b>	<b>2,632</b>	<b>2,138</b>		<b>(57)</b>	<b>103,098</b>	<b>16,938</b>	<b>5,008</b>	<b>16,642</b>	<b>18,656</b>	<b>56,701</b>	<b>6,091</b>	<b>103,098</b>

**Net Change in Monitoring**

Latest Approved Budget - Latest Forecast July

	£'000
<b>Latest Approved Budget</b>	<b>98,385</b>
Children's Services	3,435
Community & Neighbourhood	3
Corporate Support	
Development & Regeneration	1,276
HRA	
<b>Total Capital Programme</b>	<b>4,713</b>
<b>Latest Forecast</b>	<b>103,098</b>

Expenditure £'000	Capital Receipts £'000	Unsupported Borrowing £'000	Supported Borrowing £'000	Grants, Contributions & Section 106 £'000	Revenue & Funds £'000	Total Financing £'000
8,910		69	(327)	4,268	5	4,015
1,384	(1,167)	(2,616)	(312)	(858)	5	(4,949)
435						
1,975	1,132	2,656	393	2,033	14	6,228
2,192						
<b>14,895</b>	<b>(34)</b>	<b>108</b>	<b>(246)</b>	<b>5,442</b>	<b>24</b>	<b>5,293</b>

**Capital Receipts Position**

Projected Capital Receipts Income	May	July
Bal. B/F from 2008/09	347	347
General fund disposals	8,368	8,223
Housing - (Net) + Land	179	179
	<b>8,893</b>	<b>8,748</b>
<b>Received to Date</b>		
Bal. B/F from 2008/09	347	347
Capital Receipts General Fund	136	1,420
Housing	79	88
	<b>562</b>	<b>1,854</b>
<b>Balance Anticipated yet to be collected</b>	<b>8,331</b>	<b>6,894</b>



Appendix B

Directorate	Service	Sub Programme	Latest Forecast April - May	New Approval June & July	Re-Profiling June & July	Virements June & July	Variations June & July	Latest Forecast - July	Actuals to be reported (accruals basis)	% of LF Spent	
Children's Services	Completed Programmes: Outstanding Payments	Basic Need	-	-	-	-	-	-	-	-	
		Emergency Works	-	-	-	-	-	-	(3,356)		
		NOF	172,695	-	-	-	(62,695)	110,000	95	0.09%	
		Planned Modernisation	10,000	-	(7,700)	-	-	2,300	2,026	88.09%	
		Strategic Projects	-	-	-	-	-	-	(39,116)		
	Condition and School Development Works	Condition Projects	-	-	-	-	-	-	-	-	
		Condition Works:	533,548	-	-	(20,297)	-	513,251	145,842	28.42%	
		Condition Works: Primary	58,945	-	-	-	-	58,945	647	1.10%	
		Condition Works: Special Schools	-	-	-	-	-	-	-		
		Removal of Temporary Classrooms: Primary	1,669,043	-	(669,043)	-	-	1,000,000	46,471	4.65%	
		Removal of Temporary Classrooms: Secondary	-	-	-	-	-	-	(7,690)		
		School Development: Primary	2,253,394	-	-	-	-	2,253,394	261,923	11.62%	
		School Development: Secondary	-	-	-	-	-	-	-		
		School Development: Special Schools	135,026	-	-	-	-	135,026	69,084	51.16%	
		Surestart / Extended Schools / Children's Centres / Families	722,507	-	-	-	-	722,507	18,242	2.52%	
	Sustainability / Carbon Reduction / Spend to Save	595,100	-	7,040	173,500	62,000	837,640	58,387	6.97%		
	Devolved Formula Capital	Nursery	89,511	-	16,829	-	-	106,340	4,029	3.79%	
		Other	(1,964,459)	-	1,612,569	75,000	513,034	236,144	3,940	1.67%	
		Primary	2,904,152	-	(980,269)	(124,132)	-	1,799,751	315,335	17.52%	
		Secondary	2,003,537	-	(121,199)	(167,330)	(513,034)	1,201,974	167,363	13.92%	
		Special	314,893	-	(87,830)	-	-	227,063	38,323	16.88%	
	Devolved Formula Capital Projects	Children's Social Care	-	-	-	-	-	-	-	-	
		Nursery	317	-	-	721	-	1,038	902	86.90%	
		Other	1,121	-	-	2,091	-	3,212	-	0.00%	
		Primary	160,520	-	-	273,520	9,737	443,777	133,668	30.12%	
		Secondary	128,875	45,000	-	303,414	-	477,289	156,536	32.80%	
		Special	24,535	-	-	5,567	-	30,102	6,347	21.09%	
	Focused Work	14-19 Diploma Gateways & International Baccalaureate	2,061,990	-	-	-	-	2,061,990	365,250	17.71%	
		Condition Bid Programme (formerly Seed)	1,394,233	-	16,000	(92,350)	(6,002)	1,311,881	130,222	9.93%	
		ICT Projects	718,162	121,000	-	(370,884)	-	468,278	70,549	15.07%	
		Reducing Risk Bid Programme (formerly Security)	162,673	-	-	75,000	-	237,673	28,361	11.93%	
		School Meals	927,400	596,151	-	-	-	1,523,551	538	0.04%	
		Surestart / Extended Schools / Children's Centres / Families	1,867,608	-	-	(50,000)	-	1,817,608	(10,003)	-0.55%	
Other Programmes	Other Items	-	-	-	-	-	-	-			
School Led Projects	Basic Need	-	-	-	-	-	-	(62,245)			
	Children's Social Care	40,592	151,260	-	-	-	191,852	-	0.00%		
	Condition Bid Programme (formerly Seed)	-	-	-	-	-	-	-			
	DDA / Access Bid Programme	250,000	-	-	(175,000)	-	75,000	832	1.11%		
	Other Items	774,602	1,800	-	50,000	-	826,402	36,228	4.38%		
	Reducing Risk Bid Programme (formerly Security)	1,077	-	-	-	-	1,077	1,992	185.00%		
	SEN Placement Commitments in Schools	60,527	-	-	100,000	-	160,527	12,309	7.67%		
Strategic Programmes	City Development (Section 106 Projects)	57,193	61,869	-	13,131	-	82,193	1,573	1.91%		

Directorate	Service	Sub Programme	Latest Forecast April - May	New Approval June & July	Re-Profiling June & July	Virements June & July	Variations June & July	Latest Forecast - July	Actuals to be reported (accruals basis)	% of LF Spent
		Development Fund	-	-	-	-	-	-	-	
		Diversity	-	-	-	-	-	-	-	
		Expanding Popular Schools	212,500	-	-	-	-	212,500	1,087	0.51%
		Localities	-	-	-	-	-	-	-	
		Multi-Agency Working	100,000	-	-	-	-	100,000	3,472	3.47%
		PFI	2,761,427	-	-	-	-	2,761,427	129,062	4.67%
		Primary Capital Programme	19,544,392	-	-	3,049	-	19,547,441	6,874,836	35.17%
		School Development: Secondary	785,553	150,000	-	-	-	935,553	51,275	5.48%
		Secondary Development / BSF	12,073,395	-	2,174,132	-	-	14,247,527	1,511,381	10.61%
		Special Education Needs and Inclusion	1,154,612	350,000	-	-	-	1,504,612	35,471	2.36%
		Tuition Service	75,000	-	-	(75,000)	-	-	-	
		Youth / Adult Learning	205,052	-	-	-	(5,888)	199,164	27,453	13.78%
<b>Children's Services Total</b>			<b>54,991,248</b>	<b>1,477,080</b>	<b>1,960,529</b>	<b>-</b>	<b>(2,848)</b>	<b>58,426,009</b>	<b>10,588,644</b>	<b>18.12%</b>

Directorate	Service	Sub Programme	Latest Forecast April - May	New Approval June & July	Re-Profiling June & July	Virements June & July	Variations June & July	Latest Forecast - July	Actuals to be reported (accruals basis)	% of LF Spent	
Development & Regeneration	Local Transport Plan	Capital Maintenance	1,769,000	-	-	-	(196,850)	1,572,150	(72,044)	-4.58%	
		Demand Management	696,866	-	-	-	(121,880)	574,986	163,662	28.46%	
		Developer Contribution	-	-	-	-	-	-	-	-	-
		Dft settlement not yet allocated	(505,099)	-	-	(1,554)	468,488	(38,165)	-	0.00%	
		Northern Corridor	605,843	-	130,000	0	-	735,843	308,128	41.87%	
		Public Transport	1,806,531	-	-	-	75,355	1,881,886	97,170	5.16%	
		Regeneration & Urban Renewal	-	-	-	-	-	-	-	-	-
		Road Safety	442,726	-	-	-	(237,000)	205,726	30,465	14.81%	
		Safety Camera Partnership	97,748	-	-	-	-	97,748	1,873	1.92%	
		Walking & Cycling	925,332	-	-	-	(59,000)	866,332	200,107	23.10%	
	Planning	Planning	383,589	-	-	-	48,211	431,800	-	0.00%	
	Transport - Development Projects	Alleygates	5,676	-	-	-	-	5,676	864	15.21%	
		Barbican Landing Stage	-	-	-	1,554	10,748	12,302	(26,133)	-212.43%	
		Cumberland Gardens	-	370,000	-	-	-	370,000	2,909	0.79%	
		Granby Green	56,250	-	-	-	(2,155)	54,095	46,245	85.49%	
		Parks	1,534,776	-	-	-	3,275	1,538,051	53,935	3.51%	
		Plymouth Gateway	162,230	-	-	-	-	162,230	-	0.00%	
		Stonehouse Regeneration	-	-	-	-	-	-	(13,359)	-	
	Transport - Non LTP	Eastern Corridor	2,121,629	-	-	-	2,000	2,123,629	-	0.00%	
		Other	-	400,000	-	-	-	400,000	6,434	1.61%	
		West End	2,927,625	-	-	-	-	2,927,625	726,609	24.82%	
	Property & Economic Development	Commercial Developments	333,862	384,828	-	-	-	718,690	-	0.00%	
		Corporate Real Estate	1,292,977	-	-	-	-	1,292,977	132,898	10.28%	
		Parks	-	-	-	-	-	-	-	-	
	Strategic Housing	Disabled Adaptations	-	-	-	-	-	-	-	-	
		HECA Programme Private Sector	417,717	-	-	-	-	417,717	63,323	15.16%	
		Misc Schemes	100,000	-	-	-	-	100,000	-	0.00%	
		Partnership & Affordable Housing	338,309	-	-	-	-	338,309	405	0.12%	
		Private Sector Grants	2,360,028	-	-	-	-	2,360,028	660,113	27.97%	
		Private Sector Regeneration	315,663	-	-	-	-	315,663	7,072	2.24%	
Environmental Services	Recycling	851,725	-	-	-	-	851,725	-	0.00%		
	Waste	4,099,760	-	-	-	-	4,099,760	(264,988)	-6.46%		
<b>Development &amp; Regeneration Total</b>			<b>23,140,763</b>	<b>1,154,828</b>	<b>130,000</b>	<b>0</b>	<b>(8,808)</b>	<b>24,416,783</b>	<b>2,125,686</b>	<b>8.71%</b>	

Appendix B

Directorate	Service	Sub Programme	Latest Forecast April - May	New Approval June & July	Re-Profiling June & July	Virements June & July	Variations June & July	Latest Forecast - July	Actuals to be reported (accruals basis)	% of LF Spent
Community & Neighbourhood	Leisure Culture & Sport	Central Park	7,607,103	-	-	-	-	7,607,103	623,399	8.19%
		Libraries	829,396	-	-	-	-	829,396	46,987	5.67%
		Mount Edgcumbe	307,011	-	-	-	-	307,011	140,642	45.81%
		Museums	-	-	-	-	-	-	40,693	
		Other Leisure	-	-	-	-	-	-	-	
		Plymouth Leisure	1,026,560	-	-	-	-	1,026,560	372,302	36.27%
	Adult Health & Social Care	Community Care	576,398	-	54,189	-	(54,189)	576,398	10,452	1.81%
		Drug Users in Treatment Programmes	-	-	-	-	-	-	-	
	Environmental Services	Environmental & Regulatory	142,500	-	-	-	-	142,500	-	0.00%
		LPSA	-	-	-	-	-	-	-	
		Parks	326,516	-	(6,600)	-	4,500	324,416	43,242	13.33%
Vehicle Purchases		579,558	-	-	-	4,803	584,361	(1,494)	-0.26%	
<b>Community &amp; Neighbourhood Total</b>			<b>11,395,042</b>	<b>-</b>	<b>47,589</b>	<b>-</b>	<b>(44,886)</b>	<b>11,397,745</b>	<b>1,276,222</b>	<b>11.20%</b>

Appendix B

Directorate	Service	Sub Programme	Latest Forecast April - May	New Approval June & July	Re-Profiling June & July	Virements June & July	Variations June & July	Latest Forecast - July	Actuals to be reported (accruals basis)	% of LF Spent
Corporate Support	Corporate Items	Capitalisation	-	-	-	-	-	-	-	-
		Invest to Save	-	-	-	-	-	-	-	-
	Human Resources	Human Resources	6,745	-	-	-	-	6,745	2,483	36.81%
	Information Systems	Information Systems	1,087,495	-	-	-	-	1,087,495	480,963	44.23%
	Legal Services	Legal Services	2,497	-	-	-	-	2,497	-	0.00%
<b>Corporate Support Total</b>			<b>1,096,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,096,737</b>	<b>483,446</b>	<b>44.08%</b>

Appendix B

Directorate	Service	Sub Programme	Latest Forecast April - May	New Approval June & July	Re-Profiling June & July	Virements June & July	Variations June & July	Latest Forecast - July	Actuals to be reported (accruals basis)	% of LF Spent
HRA	Housing Revenue Account	Decency Standards	4,116,709	-	-	(61,126)	-	4,055,583	1,586,809	39.13%
		Devonport	1,322,870	-	-	-	-	1,322,870	129,874	9.82%
		Disabled Adaptations	204,866	-	-	246,547	-	451,413	152,768	33.84%
		HRA Capitalised Salaries	520,034	-	-	-	-	520,034	346,689	66.67%
		Major Repairs	1,596,339	-	-	(185,421)	-	1,410,918	247,901	17.57%
<b>HRA Total</b>			<b>7,760,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,760,818</b>	<b>2,464,041</b>	<b>31.75%</b>
<b>Grand Total</b>			<b>98,384,608</b>	<b>2,631,908</b>	<b>2,138,118</b>	<b>-</b>	<b>(56,542)</b>	<b>103,098,092</b>	<b>16,938,039</b>	<b>16.43%</b>

## Movement in Reserves 2009/10

	Balance as at 31/03/2009	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/2010	Purpose of reserve
	£'000	£'000	£'000	£'000	
Off Street Parking	0	(1,635)	1,635	0	Represents Accumulated trading surplus
On Street Parking	0	(1,304)	1,304	0	Represents Accumulated trading surplus
City Market	(0)	(230)	230	(0)	Represents Accumulated trading surplus
Commuted Maintenance	(931)	0	23	(908)	Contribution from developers /section 106 agreements
Education Carry Forwards	(3,207)	(1,535)	3,023	(1,719)	Schools ringfenced resources mainly from grants
Taxis	131	0	15	146	Represents Accumulated trading deficit - reserve needs to be returned to a surplus
Street Trading	(104)	(3)	0	(107)	Represents Accumulated trading surplus
Land Charges Development Fund	(54)	(35)	35	(54)	To fund improvements in the LLC service
Accommodation Reserve	(1,262)	0	250	(1,012)	To meet costs of repairs to Office Accommodation
Insurance Reserve	(1,429)	0	350	(1,079)	To meet any unforeseen/increased costs of insurance claims or works to minimise insurance
Carry Forwards	(3,856)	0	3,180	(676)	Set up from end of year budget underspends to meet future Council priorities. This reserve will generally be utilised in full in the following year.
Redundancies	(1,133)	0	1,133	0	To meet redundancies costs in 2008/09
DRCP Freedom & Flexibility 07/08 reserve	(1,145)	0	1,145	(0)	Reserve set aside to meet future expenditure in Devonport, in lieu of grant funding in 2007/08
Corporate Improvement Reserve	(3,836)	(476)	3,745	(567)	Fund to be used to support the CIP's
Stock Transfer	(735)	0	735	(0)	This reserve is used to support the costs incurred in preparing for potential stock transfer
Capital Reserve	(975)	0	0	(975)	To be used to support the capital programme and potential shortfall in capital receipts
Waste Balancing Reserve	(750)	(350)	0	(1,100)	To provide and manage the future budget shortfall when the waste PFI scheme becomes operational.
PFI reserve	(1,801)	0	0	(1,801)	PFI credits received in advance
Job Evaluation/Equal Pay	(350)	0	350	0	To support the ongoing JE appeals process for which there will be project costs incurred in 09/10
Strategy for Change (BSF)	(250)	0	0	(250)	To support the cost of submitting our BSF bid continuing the priority of providing high quality learning environments
Iceland Bank	(281)	0	0	(281)	Allowance for investment losses of the money invested in the Icelandic banks
Urban Enterprise Fund	(1,000)	0	500	(500)	Match funding to ensure that Plymouth gains access to the European funding available to the region to support Urban Enterprise
Other Reserves	(663)	(137)	314	(486)	All reserves have been reviewed and confirmed as required to meet specific policy commitments
<b>Sub Total</b>	<b>(23,631)</b>	<b>(5,705)</b>	<b>17,966</b>	<b>(11,369)</b>	General Balance available to meet unforeseen expenditure. This balance represents 6% of net revenue expenditure and is in line with Unitary Council averages
<b>Working Balance</b>	<b>(11,739)</b>	<b>(236)</b>	<b>250</b>	<b>(11,725)</b>	
	<b>(35,370)</b>	<b>(5,941)</b>	<b>18,216</b>	<b>(23,094)</b>	

PRUDENTIAL INDICATORS	2008/09	
	Updated Limits £m	Outturn £m
<b><u>Affordable Borrowing Limits</u></b>		
<b>Estimated Capital Expenditure</b>		
Non – HRA	66.902	64.918
HRA	13.613	13.178
<b>TOTAL</b>	80.515	78.096
<b>Capital Financing Requirement (as at 31 March)</b>		
Non – HRA	189.713	188.858
HRA	64.959	64.959
<b>TOTAL</b>	254.672	253.817
<b>Authorised limit for External Debt</b>		
Borrowing	454	444
Other long term liabilities	0	0
<b>TOTAL</b>	454	444
<b>Operational boundary</b>		
Borrowing	421	444
Other long term liabilities	0	0
<b>TOTAL</b>	421	444
<b>Upper Limit for Fixed Interest Rate</b>		
Net fixed rate (borrowing less investments)	200%	196.12%
<b>Upper Limit for Variable Rate Exposure</b>		
Net variable rate (borrowing less	0%	-0.31%
Upper Limit for total principal sums invested for over 364 days	£60m	£46m
<b>Capital Financing Cost as a % of Revenue stream</b>		
General Fund:		
Plymouth Debt	3.92%	3.72%
Devon Managed Debt	1.82%	1.79%
<b>TOTAL</b>	5.74%	5.51%
Housing Revenue Account	27.31%	28.40%
Incremental Effect of Additional Programme on Council Tax (band D, pa)	£7.97	£8.64
Increase in Housing rent per week	£0	£0



<b>Maturity Limits 2008/09</b>	Upper Limit		Lower limit	
	Original	Outturn	Original	Outturn
Under 12 months	45%	44.89%	0%	28.20%
12 months and within 24 months	30%	15.64%	0%	4.95%
24 months and within 5 years	30%	14.79%	0%	2.51%
5 years and within 10 years	25%	2.51%	0%	1.23%
10 years and above	100%	52.89%	0%	32.55%

## PRUDENTIAL INDICATORS – FURTHER DETAILS

- **Capital Financing Requirement**

The Capital Financing Requirement represents the underlying need of the Council to borrow for Capital purposes. It reflects capital expenditure in previous years supported by borrowing approvals, and new capital expenditure supported by borrowing in 2008/09.

The Prudential Code provides the following statement as a key indicator of prudence: “in order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

- **Borrowing Limits**

Two limits are specified in the Code:

### The Authorised Limit

This is the absolute borrowing limit beyond which any borrowing is prohibited until revised by the authority. The limit is intended to provide headroom to cover possible unexpected short-term cash-flow movements.

### The Operational Boundary

This limit is intended to cover the probable borrowing needs of the authority during the year. It is a focus for day to day Treasury Management and a means by which the authority manages its external debt within the self imposed Authorised limit. It is lower than the Authorised limit because cash flow variations may lead to the occasional breach of this indicator.

- **Upper Limits for Fixed and Variable Interest Rates, and Maturity Limits**

These treasury management indicators are intended to limit the risks associated with fixed and variable rate loans and with borrowing for different loan periods. Borrowing at fixed rates for long periods can give the opportunity to lock into low interest rates and provide stability but risks missing possible opportunities to borrow at low rates in the medium term, or to convert short term loans into long term if long term rates were to fall. The proposed limits for 2008/09 was set to provide flexibility to adapt to different possible scenarios which could arise from changing market conditions within the Treasury Management Strategy. The upper limit of 200% on fixed interest rate exposure allowed for periods when short term deposits exceed variable rate debt due to balances/cashflow.

- **Capital Financing Cost as a % of Revenue stream**

This indicator reflects the net revenue cost of capital financing as a percentage of the Council’s net budget requirement. This cost comprises interest on borrowing and the minimum revenue provision, less Interest and Investment income. In Plymouth’s case, a proportion of the cost comes from debt arising from Local Government Reorganisation, which is managed by Devon County Council.

- **Incremental Effect of Additional Programme on Council Tax**

One requirement is to show the revenue effect of capital investment decisions on the Council Tax. This reflects the financing cost of the new capital programme in 2008/09 less the financial support received towards the programme from central government and other external sources.

- **Increase in Housing Rents per Week**

The impact of new Housing programmes on the Housing Revenue Account must also be shown. In Plymouth's case the current planned Housing capital programme is based on the limit supported by Government subsidy, therefore the impact on rents is nil.