# CITY OF PLYMOUTH

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| **Subject:** | Joint Finance and Performance Report |
| **Committee:** | Cabinet |
| **Date:** | 10 November 2009 |
| **Cabinet Member:** | Councillor Bowyer and Councillor Ricketts |
| **CMT Member:** | CMT |
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| **Ref:** | SW |
| **Part:** | I |

**Executive Summary:**


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

At this stage, the council is forecasting a revenue overspend at year end of £2.341m against a net revenue budget of £196.525m ( a variation of +1.2%). The main variations continue to relate to the increased pressure in children looked after cases as well as cost pressures in adult social care. Actions to address the pressures are outlined within the report.

The report also outlines the latest position on the capital programme. Despite the latest forecast for 2009/10 showing as £100.422m, it is still considered that a programme of £82.478m (80%) remains more realistic and achievable. Actual spend on the capital programme as at end of September 2009 is £35.687m.


**Corporate Plan 2009-2012:**

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

**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.

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

**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. That Cabinet note the work underway to improve the Carefirst System and the need for priority investment in this area

2. Cabinet is asked to approve the **maximum** amount of carry forward at year end for Departments for 2009/10 based on previously agreed criteria as:

| | |
|---|---|
| Chief Executives | £0.012m |
| Corporate Support | £0.066m |

3. The movement on the capital programme during the period be noted and the new schemes totalling £0.349m and scheme variations totalling £0.084m, outlined in paragraph 6.6, be added to the programme for 2009/10.

4. The reallocation of the JE contingency across council departments, as outlined in section 13.2.2, be approved.

5. Officers seek an urgent meeting with DCLG to discuss options to utilise the capital monies from the VAT shelter agreement to offset revenue pressures, these options to include:

   (i) an in principle agreement to an exceptional Capitalisation Direction over the next 5 years, and/or

   (ii) agreement to a special regulation under section 9 (3)(a) of the 2003 Local Government Act 2003 permitting the Council to treat Vat shelter receipts as revenue.

6. Cabinet note the action taken by Officers to ensure funding for the Devonport Neighbourhood Manager post is available over the next 3 years and agree to the transfer of £0.100m to an earmarked reserve in return for additional NDC grant funding towards Brickfields running costs.

7 Note the action taken by the Director for Corporate Support, acting under delegated authority, to remove the £10m limit on call accounts, these deposits to be managed within the overall credit limit for each banking Group.

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

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

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**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
- Joint Finance and Performance report to Cabinet 15 September 2009

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**Sign off:**

| Fin | **CorpF 900006** | Leg | **DVS 1065** | HR | | AM | | IT | | Strat Proc | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Originating SMT Member: Malcolm Coe, Assistant Director – Finance, Assets & Efficiency | | | | | | | | | | | |

**Plymouth City Council**
**Performance and Finance Monitoring – 2009/10**
**Figures up to and including 30 September 2009**

# 1. Introduction

1.1 This report reviews the Council's performance for the period 1 April 2009 to 30 September 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.

1.2 The detailed budget exercise for 2010/11 is now well underway. As part of this exercise the Council is reviewing its corporate priorities together with known budget pressures, including those outlined within this report. In order to ensure a balanced budget can be set Directors will be required to produce detailed action plans to achieve target budgets which will be subject to review and scrutiny as part of the normal budget process. This will take place over the next few months, culminating in a final budget report to Cabinet on 9 February 2010.

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 Support
- Chief Executive
- Corporate items

Section C - Housing Revenue Account

Section D - Treasury Management

Section E – Concluding Remarks

Appendices
- Appendix A – Summary Graphs
- Appendix B – Summary Capital Expenditure and Financing
- Appendix C – Movement in Reserves
- Appendix D – Movement in Provisions

# SECTION A – EXECUTIVE SUMMARY

## 2. Performance Position

2.1 A performance and programme summary is provided for each Corporate Improvement Priority (CIP) 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** | | | |
|---|---|---|---|
| Green | All milestones on schedule | Amber | A minimum of one milestone is reported as a risk |
| Red | a minimum of one milestone is reported as an issue | White | No information to report |
| **Measures – an average of all measures that sit within this CIP** | | | |
| Green | Indicators on track | Amber | the **AVERAGE** of all indicators is up to 15% off target |
| Red | The **AVERAGE** of all indicators is more than 15% off target | White | No information to report |

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

2.2 **CIP 3: Helping people to live independently**
The budget continues to be under pressure due to increased demand and the service improvement agenda to support more people to live independently. There is a comprehensive management action plan to reduce the projected budget overspend which will be reviewed regularly.

2.3 **CIP 4: Reducing inequalities between communities**
Planning permission has now been secured for the Efford Gypsy site and the bid for government funding has now been submitted.

Benefit and tax credit take-up is exceeding the target following the start of a new contract for delivery of financial advice to the public.

2.4 **CIP 7: Keeping Children Safe**
The number of looked after children remains high which has put pressure on both the budget and performance. New work practices have been put in place to tackle the extra workload.

2.5 **CIP 8: Improving skills and educational achievements**
The number of young people not in Education Employment or Training (NEET's) remains high. A multi-agency steering group has been set up so that work can be driven in a coordinated fashion across a wider partnership and progress can be measured.

2.6 **CIP 10**: **Disposing of waste and Increasing recycling**
Performance in refuse collection continues to improve with the number of missed refuse and recycling collections the lowest since rezoning and below the target of 75 missed bins per day.

2.7 **CIP 12: Delivering Sustainable Growth**
The removal of New Growth Points Funding of £2.4m is likely to have an impact on a number of projects supporting the development of housing and jobs. The impact of this reduction is currently being assessed through the Single Conversation process.

2.8 **CIP 14: Providing better value for money**
The Value for Money target for this year is particularly challenging and will require significant corporate support to achieve target. Roles and Responsibilities have been drafted with the Director for Corporate Support championing the efficiency agenda at Corporate Management Team. Work has begun to raise the profile of the efficiency return with a view to getting back on track by the end of 2009/10.

## 3. Revenue Position

3.1 The following table sets out the forecast for the Council's overall revenue position as at 30 September 2009.

**Table 1**

| Fund | Latest Approved Budget £'000 | Monitoring Variation July 2009 £'000 | Monitoring Variation September 2009 £'000 | Change in Period £'000 |
|---|---|---|---|---|
| **General Fund** | 196,525 | 3,302 | 2,341 | (961) |
| **Trading Accounts** | (2,308) | 248 | 314 | 66 |
| **HRA*** | 66 | (4) | (4) | 0 |

* surplus/deficit for year, not updated for September

*NB Brackets (   ) reflect a favourable variation*

3.2 The trading accounts are reported within the Development Directorate report, section 10, and the HRA under Section C.

**General Fund**

3.3 Table 2 summarises the monitoring position for each Directorate for the period up to 30 September 2009. Appendix A tracks the movement during the year in graphical form.

**Table 2**

| Department | Latest Approved Budget £'000 | Monitoring Variation as at 30 September 09 £'000 | Percentage variation % | Change in Period £'000 |
|---|---|---|---|---|
| Children's Services | 51,869 | 1,218 | 2.3 | (180) |
| Community Services | 102,699 | 921 | 0.9 | 126 |
| Development & Regeneration Services | 16,501 | 511 | 3.1 | (499) |
| Corporate Support | 35,703 | (132) | (0.4) | (265) |
| Chief Executive | 2,637 | (24) | (0.9) | (72) |
| Corporate Items | (12,884) | (153) | (1.2) | (71) |
| **Total** | **196,525** | **2,341** | **1.2** | **(961)** |

3.5 The budget variation targets of no more than 1% overspend or 2% underspend remain in place for 2009/10. The summary table shows that the monitoring position has improved during the period but that an overspend of £2.341m, or 1.2% when compared to net revenue budget, is still forecast for the year. In terms of financial management, the budget variation target continues to be breached in Children's Services and Development. The main reasons for the overspend are summarised below with more details outlined in the individual Director's reports.

3.6 Children's Services: forecast overspend of £1.218m:

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. Management action will continue to be taken to minimise the forecast overspend during the year, although national and local high profile media cases will increase the pressures on the service. Further details are outlined in the Director's report section 8.

3.7 Development & Regeneration: overspend £0.511m:

Significant progress has been made in the last period reducing the overspend forecast by £0.499m. However there continues to remain a pressure on the General Fund from reduced revenue contributions from the Car Park and Market reserve accounts.

There is a pressure on the car parks from increased capital charges. The lower revenue in parking, due in part to significant changes in the service leading to an early year downturn in income (Theatre Royal refurbishment and changes to on-street enforcement) is now being reduced as the efficiency savings identified start to be fed through in higher income levels.

Further business planning is currently being undertaken to identify additional savings for the remainder of the year to close the gap.

3.8 Community Services: forecast overspend £0.921m:

The main variation within Community Services is due to increased costs in Community based Services and a net overspend in environmental services resulting from higher spot hire charges in fleet and garage which have not been recovered via recharging.

3.9 A contributory factor to the pressures in both Children's and Adults' Social Care is the challenges presented by the Carefirst IT system used by both departments. Officers have recognised this as a priority, a Project Board is in place, Management action is in place across the two departments and the need for significant investment in improving the IT system has been accepted. Improvements to the systems will enable further improvements in safeguarding across the two departments and will over time also deliver administrative efficiencies. The financial implications are likely to be of the order of £700,000 for 2009/10 and £800,000 in 2010/11 in total across the two departments. These figures are not reflected in the forecast outturn as yet. The detail of the funding package is currently being developed and will be included in a future monitoring report. In the meantime the work progresses to improve the systems.

3.10 As part of the last bi-monthly report, Cabinet recommended that:

"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."

Directors have implemented actions to minimise the overspend and, where appropriate, details are outlined in the Director's reports. Whilst it is anticipated that the actions will bring the spend in line with budgets by the end of the year, it will take time for the actions to bed down and for spend patterns to show a reduction.

3.11 The carry forward policy allowing Directors to carry forward up to 50% of budget underspends has been re-affirmed for 2009/10. In order to qualify for a departmental carry forward the underspend must be reported within the mid year monitoring report i.e. for carry forwards to 2010/11 must be reported within this report, and will need to be maintained for the remainder of the year. Based on the figures above the only departments to qualify for a budget carry forward in 2009/10 are Chief Executives and Corporate Support and the maximum carry forward is as shown below:

| | Carry forward amount £000 |
|---|---|
| Chief Executive | 12 |
| Corporate Support | 66 |
| Maximum carry forwards for year | 78 |

3.12 However, conversely the policy assumes all overspends will be carried forward unless Cabinet determines otherwise. All carry forwards remain subject to the overall revenue position and any corporate health adjustments required, such as transfers to and from provisions and reserves, at year end.

**Recommendations:**

1. That Cabinet note the work underway to improve the Carefirst System and the need for priority investment in this area.

2. Cabinet is asked to approve the **maximum** amount of carry forward at year end for Departments for 2009/10 based on previously agreed criteria, as:

| | |
|---|---|
| Chief Executives | £0.012m |
| Corporate Support | £0.066m |

3.13 Icelandic bank Update

As per previous reports, this section has been included to outline the current situation with regard to the recovery of monies invested in Icelandic banks

3.13.1 Landsbanki £4m

Agreement was reached earlier this month on the terms of the deal that will compensate creditors of old Landsbanki (including local authorities) in relation to assets transferred to new Landsbanki (which was set up to ensure the maintenance of a banking system in Iceland following the collapse of the old banks). The deal is expected to be confirmed by 6 November. This is an extremely significant point in the process of winding-up the old banks, and follows months of intensive negotiations in which local government's legal advisers and representatives have worked tirelessly alongside UK and Dutch government advisers. The work of the local authority representatives and advisers as part of this joint approach has helped deliver a deal that satisfactorily reflects local government's interests.

Bevan Brittan have now submitted the formal claims to the Landsbanki creditors committee on behalf of the Council. These claims include interest up to 22 April 2009, with interest between maturity and this date attracting a penalty rate of interest at 22%. Current valuations suggest that recoveries will be equal to (or exceed) the previous estimate of 83p in the pound.

3.13.2 Glitnir £6m

Agreement on the terms of compensation from the new bank (Islandsbanki) to old Glitnir bank was reached in September. The settlement was concluded on 15 October 2009. We still expect to recover 100% of the money invested with interest payable up to 22 April 2009. Our formal claim is due to be lodged by 30 November 2009 and this is being prepared on our behalf by Bevan Brittan.

3.13.3 In relation to both Glitnir and Landsbanki, the conclusion of these agreements enables the insolvency to move onto the next stage of winding up, realising assets and paying off creditors. This is likely to include the issue of priority status for depositor creditors (such as local authorities) being challenged and tested in court. The detailed information published by Glitnir following the conclusion of negotiations confirms that the Resolution Committee intends to treat claims on deposit as 'priority claims.'

3.13.4 Heritable £3m

The administrations of the UK-based banks of KSF and Heritable, although inevitably complex, are more straightforward than the Icelandic processes because they do not involve the added complication of trying to re-establish a domestic banking system from the banks that have collapsed. The administration is therefore progressing as expected, with regular updates made to the Local Government steering committee. As reported last time, the first dividend equating to 16.3p in the £ plus interest (total payment £508,448), has been received. A further dividend is expected to be paid before the end of the year.

3.13.5 Table 3 below shows the anticipated recoveries of monies, including interest as outlined above. As part of closure of the accounts 2008/09 a sum of £0.281m was transferred to reserve to meet the costs of any losses from these investments. Approval has also been given to transfer any interest receivable to the reserve. Based on the assumptions outlined above, a sum of £1.673m would be transferred to the reserve bringing the reserve total to £1.954m. This would more than offset the unrecoverable element of the deposits of £1.268m.

**Table 3**

| Bank | Amount Invested £000 | Recovery % % | Recovered Deposit £000 | Unrecoverable deposit £000 | Assumed Interest £000 |
|---|---|---|---|---|---|
| Heritable | 3,000 | 80 | 2,400 | 600 | 344 |
| Glitnir | 6,000 | 100 | 6,000 | 0 | 1,202 |
| Landsbanki | 4,000 | 83 | 3,332 | 668 | 127 |
| **Total** | **13,000** | **n/a** | **11,732** | **1,268** | **1,673** |

3.13.6 Capitalisation Direction

The DCLG has now announced that it has 'decided to allow councils who face *exceptional financial difficulties due to Icelandic impairments* to apply for capitalisation on the basis of the usual criteria.' Based on the latest anticipated recoveries from the position outlined in table 3 and the Council's capitalisation threshold it is unlikely that the Council would meet the qualification criteria, but this will be kept under review as further detail is received from each of the banks over the next month. The Capitalisation Direction is based on the statutory impairment calculation. The Council has been permitted to defer charging any losses to its revenue account until 2010/11 under special regulations.

## 3 Income Summary

**Table 4**

| **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 | 97.04% | 97.04% |
| Housing Rents | 97.3% | 96.4% | 4 | £40.274m | 98.5% | 97.8% |
| Sundry Debt^ | 85.9% | 86.9% | n/a | £60.000m# | 92.5% | 91.5% |
| *Commercial Rent (general fund)* | *n/a* | *80.8%* | *n/a* | *£5.000m#* | *92.5%* | *88.0%* |
| *Trade Waste* | *n/a* | *87.5%* | *n/a* | *£1.200m#* | *94.0%* | *94.0%* |
| *Adult Residential Care* | *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

^*All general fund sundry debt including the key areas (key areas are analysed and are shown in italics)*

### 4.1 Local Taxation

4.1.1 Council Tax Collection - Forecast 96.0% v Target 96.0%

Council tax collection continues to improve compared to profiled target (53.3% v 52.7%) and when compared to the previous financial year (+1.5%). Recovery on arrears and current year debt continues and it is encouraging to observe an 11.0% reduction in the number of recovery documents issued over the first 6 months when compared with last year.

4.1.2 NNDR - Estimate 97.04% v Target 97.04%

National Non-domestic Rate collection has also improved when compared to profiled target (60.5% v 59.3%). The Business Rate deferral scheme is now operational and 405 applications have been received of which 309 have been successful. The financial implication of the business rate referral scheme, based on current numbers, is now being determined and will be reported in the next monitoring report.

### 4.2 Housing Rents

No submission.

### 4.3 Sundry Debt collection - Forecast 91.5% v Target 92.5%

General Debt profiled performance to date of 90.3% represents an improvement of 4.1% against the same period last year and ensures the Council is on track to achieve a year end position of 91.5%, although this is just short of the target for the year. More specific details of the progress against the main debt categories are as follows:

4.3.1 <u>Adult residential and non residential care - Forecast 92.0% v Target 93.0%</u>

The current collection rate remains 92.0% against the 93.0% target. Debt secured by legal charge has increased to 56.0% of total debt outstanding.

A senior officer post vacant since May has just been filled. The postholder's role will include the ongoing monitoring of visiting and assessment procedures, which enables prompt and accurate billing of clients contributions to the cost of their care. Income collection procedures will be updated in October to increase the use of automatic reminders and shorten periods before reminders and further recovery action is undertaken which will help to improve the amount collected.

4.3.2 <u>Commercial Rent - Forecast 88.0% v Target 92.5%</u>

The current year collection of debt is showing a year to date figure of 85.3% when compared to 80.0% last year and reflects the impact of having a dedicated recovery officer. Surveyors continue to encourage more tenants to pay rent by monthly direct debit, especially when their lease is being renewed. A targeted direct debit mail shot will also encourage more tenants to switch to direct debit.

4.3.3 <u>Trade Waste - Forecast 94.0% v Target 94.0%</u>

The Trade Waste service switched to pre-pay service from 1st September, with bills being despatched a month in advance of service delivery. After an initial bedding in period services that are not paid for will not be provided. This initiative has reduced the outstanding debt under 30 days from 100% to 68% in one month.
At the end of September, the amount of debt collected was 92.9%, 1.1% below the target of 94.0% but an improvement on last month. The forecasted figure for year end remains at 94%.

## 5. Medium Term Financial Forecast- Revenue

5.1 As part of the budget exercise for 2009/10, revenue funding was allocated to match known revenue pressures and notional allocations were provided to Directors for the following two financial years. This allocation was undertaken on a priority basis linking with corporate improvement priorities, deliberately placing more funds into frontline, key services for the public.

5.2 Local authorities are entering the final year of a 3 year settlement and whilst officers remain hopeful that the indicative formula grant allocation for 2010/11 will remain unchanged, future year resources are less certain. All national parties have made it clear that there will be tight constraints on public expenditure and we therefore need to start to plan for this now. This will require a change in culture across the organisation as Directors and their management teams implement more proactive medium term planning in order to drive out efficiencies within their services.

5.3 In preparation for the detailed budget exercise for 2010/11, officers have reviewed the underlying corporate assumptions contained within the notional targets and revised the targets accordingly. In order to maintain a rolling three year forecast an additional year has also been added. Over the next few months CMT, Directors and their departmental management teams will be working to review and/or revise the allocation of resources across priority areas and address the underlying need to deliver efficiencies. The latest indicative targets for each Department are outlined in the Director's reports, but these may yet be subject to change as the budget review process progresses.

5.4 The MTFS as approved in April outlined a number of budget pressures facing the Council over the medium term, including.

- Waste Management
- Housing Stock Transfer- Corporate impact/residual costs
- Transformational Change
- Equal pay claims
- Redundancy costs
- Shortfall capital receipts/short term borrowing costs
- Strategy for change/Building Schools for the Future (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 keep under review the adequacy of these reserves and the potential financial risk still remaining on a continual basis. An update to the reserves position for 2009/10 is provided at Appendix C.

5.5 <u>New/emerging pressures</u>

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

- Looked after Children
- Community Based Services including Learning Disabilities
- Leisure – possible participation in free swimming to under 16 year olds

5.6 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 to corporate property to offset increased costs being incurred on the Corporate Estate and admin offices.

## 6. Capital Position

### 2009/10 Overall Capital Position

6.1 The capital programme for 2009/10, as approved in the previous monitoring report, is £103.098m. This bi-monthly report outlines recommendations to decrease the in-year capital programme by £2.676m, which would reduce the programme to £100.422m. Actual spend as at 30 September 09 was £35.687m (35.5% of full year forecast).

6.2 The movement in the programme is summarised in table 5. Further details of the movements within the programme are outlined in Appendix B with more details provided within the individual Directorate reports.

6.3 The latest forecast spend for the year is £100.422m after allowing for movements during the period. However as outlined in the previous report, based on historical trends it is highly unlikely that this level of programme delivery is achievable in year. As part of the last report, Cabinet approved the following recommendation:

"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".

6.4 Project officers are currently reviewing each scheme and scoring these against a weighted 'outcomes' matrix which will be subject to independent review and challenge and reported back to CMT and Cabinet over the next few months. This review will also be used to identify schemes that can be re-profiled into future years. For monitoring purposes it is still assumed that a revised programme of £82.478m for 2009/10 is realistic and achievable.

**Table 5**

| | **Budget** | | **Changes for Approval** | | **Expenditure** | | |
|---|---|---|---|---|---|---|---|
| **Department** | **Restated Original Budget 2009/10** | **Latest Appr'd Budget July 09** | **Proposed Change in Period** | **Latest Forecast Sept 09** | **Expend as at Sept 09** | **Spend %'age of Forecast** | **Revised Forecast for year** |
| | £000 | £000 | £000 | £000 | £000 | % | £000 |
| Corporate Support | 700 | 1,097 | 0 | 1,097 | 593 | 54.1% | 877 |
| Development | 17,371 | 24,417 | (1,044) | 23,373 | 4,019 | 17.2% | 19,533 |
| Children's Services | 52,057 | 58,426 | (1,763) | 56,663 | 24,443 | 43.1% | 46,741 |
| Community Services | 14,858 | 11,397 | (99) | 11,298 | 2,038 | 18.0% | 9,118 |
| Corporate Items - HRA | 7,222 | 7,761 | 230 | 7,991 | 4,594 | 57.5% | 6,209 |
| **Total** | **92,208** | **103,098** | **(2,676)** | **100,422** | **35,687** | **35.5%** | **82,478** |

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

| | £000 |
|---|---|
| New schemes approved | 349 |
| Re-profiling/scheduling of schemes | (3,109) |
| Other Variations | 84 |
| Total variation in period | **(2,676)** |

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 now be included within the programme:

| | £000 |
|---|---|
| Alexandra Park – Specialist Wall Repairs & Play Equipment | 43 |
| Lipson Community College – Redesigning Specialist Status | 50 |
| Living Over the Shops | 26 |
| Minor Works | 50 |
| Door Entry System | 20 |
| Decency Standards | 160 |
| | **349** |

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

6.7 These schemes will be funded by grants and contributions (£0.076m), section 106 contributions (£0.043m), and major repairs allowance (£0.230m).

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

| | £000 |
|---|---|
| Chelson Meadow Capping – Phase 2 | 583 |
| Leachate Treatment & Storage Upgrade | (783) |
| Material Recycling Facility Upgrade | (766) |
| Mercury Abatement Equipment in Crematoria | (143) |
| Devonport Guildhall | 18 |
| Stonehouse CPO Scheme | (100) |
| Efford Primary School Re-organisation | (1,778) |
| Lipson Vale Primary School – Condition Works | (18) |
| Heathtec | (80) |
| Schools Devolved Formula Capital | (42) |
| | **(3,109)** |

6.9 Other variations reported during the period are as follows:

| | £000 |
|---|---|
| Coombe Dean Replacement Windows | 5 |
| Coombe Dean – 14-19 Diploma Gateway | 32 |
| Devolved Formula Capital Projects | 58 |
| Hele – Redesigning Specialist Status School | (25) |
| YOT accommodation in Barne Barton | 35 |
| Admiralty Street Prohibition of Driving Order | (21) |
| | **84** |

All variations are fully funded and are permitted within tolerance limits of original approvals.

6.10 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:

| | £000 |
|---|---|
| Supported Borrowing | 18,638 |
| Unsupported Borrowing | 15,202 |
| Grants & Contributions (inc Section 106) | 42,216 |
| Capital Receipts | 0 |
| Revenue & Funds | 6,422 |
| **Assumed financing of programme** | **82,478** |

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

**Recommendations:**

3. The movement on the capital programme during the period be noted and the inclusion of new schemes totalling £0.349m and scheme variations totalling £0.084m, outlined in paragraph 6.6, be added to the programme for 2009/10.

## 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 £270.738m as follows:

| | £000 |
|---|---|
| MTFP as per budget setting | 371,208 |
| Less: 2008/09 | (78,096) |
| Other Adjustments - re-profiling and new approvals | (21,807) |
| Revised MTFP as at July 2009 | 271,305 |
| Further Movement in Period (see below) | (567) |
| **Revised MTFP as at September 2009** | **270,738** |

The movement in the period is as follows:

| | £000 |
|---|---|
| 2009/10 New approvals & Variations (see 6.5 above) | 433 |
| Chelson Meadow Capping – Phase 2 | (1,331) |
| Leachate Treatment & Storage Upgrade | 267 |
| Eastern Corridor | 64 |
| | **(567)** |

7.2 Table 6 below shows how the programme will be financed over the 5 year period, together with a risk analysis of each funding stream.

**Table 6** **Risk Assessed Programme**

| | MTFP £'000 | Green £'000 | Amber £'000 | Red £'000 |
|---|---|---|---|---|
| Capital Receipts | 27,317 | 11,007 | 14,802 | 1,508 |
| Unsupported Borrowing | 28,242 | 13,242 | 15,000 | 0 |
| Supported Borrowing | 48,190 | 28,503 | 19,687 | 0 |
| Grants | 132,068 | 84,945 | 36,185 | 10,938 |
| Contributions/ Sect 106 | 28,283 | 6,709 | 21,074 | 500 |
| Revenue and Funds | 6,638 | 6,638 | 0 | 0 |
| Total | 270,738 | 151,044 | 106,748 | 12,946 |

7.3 The anticipated funding has been risk assessed as follows:

£151.044m green (56%) – likely to be received
£106.748m amber (39%) – subject to uncertainty
£12.946m red (5%) – high risk of not being realised

7.4 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. The MTFP is currently being reviewed in order to address the funding risk.

7.5 The Department for Transport (DFT) has issued guidance on preparing future year transport strategies and has outlined indicative allocations that the Department expects to receive subject to future spending reviews. Under these assumptions, Plymouth could expect to receive an additional £8.356m over the period 2014/15. This has not yet been reflected in the figures outlined above, and inclusion of this amount into the MTFP will be considered in the light of the overall review of the capital programme and risk analysis following discussions with the regional Transport department.

7.6 Capital Receipts Update

The capital receipts requirement within the current medium term programme is £27.317m. At the end of September, actual capital receipts available to finance the programme stood at £2.103m as shown below.

| | £000 |
|---|---|
| Capital receipts b/fwd from 2008/09 | 347 |
| Capital receipts received in 2009/10 as at 30 Sept 2009 | 1,756 |
| Capital receipts available as at 30 Sept 2009 | **2,103** |

The latest capital receipts schedules still show that receipts in excess of £28m will be generated over the next 5 years, 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 meet the costs of any borrowing incurred. Over the next few months all schemes will be re-profiled, including monthly cash flow forecasts, to ensure robustness for year on year spend forecasts and we will continue to review and revise investment priorities in line with funding available.

7.7 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:

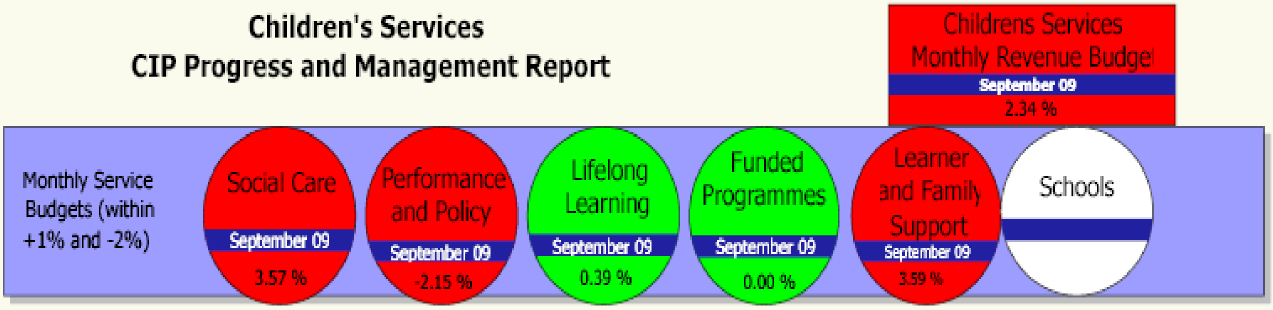
The Children's Services department is leading on the following Corporate Improvement Priorities.

- 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 the progress against each CIP.

## Children's Services
## CIP Progress and Management Report




### CIP 7. Keeping children safe

Measures Milestones

Whilst there has been a small improvement in initial assessment performance, robust action taken to ensure caseloads are at an appropriate level has impacted on Social Workers' ability to complete Initial Assessments (IAs) and Core Assessments in a timely manner & although children & families have been seen within timescales some significant delays in inputting to the system have occurred. A new duty rota is now in place to ensure IAs are completed to timescales in the future. Increased focus on stability has led to the establishment of a stability focus group to drive improvements in this area. Payment for Skills scheme implemented on October 5th is ahead of schedule. We are currently completing audits on our Child Protection caseload to ensure practice is applied to the highest possible standard and our current caseload of plans that exceed 2 years is under 3%. However an initial spike in the cessation of plans greater than 2 years in the first quarter has yet to even out for this indicator but as the reduction observed in qtr 2 is expected to continue.

### CIP 8. Improving skills and educational achievement

Measures Milestones

There are a number of initiatives that have been put in place to tackle the growing number of young people Not in Education, Employment or Training and there is recognition that this needs to be co-ordinated across departments within Plymouth City Council. We are seeking to set up a steering group, closely linked with the 14-19 group, and also as part of the LSP structure, so the work can be driven in a coordinated fashion across the wider partnership and progress can be measured.

Good practice is being shared with Torbay and a refresh of CIP 8 2010-11 is looking to introduce an employer initiative scheme.

£60k has been received from Department for Children, Schools and Families to run pathfinder Key Stage 2 programme in Whitleigh as part of the Early Intervention Project

### CIP 9. Developing high quality places to learn in

Measures Milestones

Academies discussions developing and public support and enthusiasm is building. Building Schools for the Future (BSF) initial wave schools attending National College for School Leadership change management courses, and BSF corporate team are now in place. The pace of this CIP is building significantly.

## 8.3 Revenue Budget Monitoring - £1.218m overspend, 2.34% of Net Budget

Key reasons for the Department's overspend are:

(a) Policy and Performance – (£0.073m) underspend, (2.15%) of net budget

A pressure of £0.061m 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 is being offset by employee vacancies savings and funding from Learner & Family Support towards the Performance Management Service.

(b) Learner & Family Support – £0.323m overspend, 3.59% of net budget

There is a £0.323m 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. This is partly offset by employee savings across Learner & Family Support.

Integrated Disability Service has a £0.100m overspend due to increased Direct Payments.

(c) Lifelong Learning – £0.050m overspend, 0.39% of net budget

(£0.200m) savings have arisen within Early Years and Childcare Service from a combination of vacancy savings and utilisation of grant income within the Education 5 to 19 Service.

The above underspends have been consumed by overspends in a variety of areas including the Youth Strategy, Workforce Reform Development service and Schools Redundancy Panel decisions.

(d) Social Care – £0.918m overspend, 3.57% 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 (£0.112m) saving within the Fostering Service.

Vacancy savings across this area of the department account for a favourable variation of (£0.525m) although the number of Social Work vacancies has reduced significantly.

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 (£0.207m).

The Adoption Service is showing an underspend of (£0.162m) 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 £0.958m as there are currently five placements over budget for Independent Sector Residential Care amounting to an additional £0.894m and other pressures identified within the Looked After Children's Service amount to £0.064m. This has also impinged on the cost of legal agents which are currently projected to overspend by £0.097m. It must be noted that the council has no control over placements ordered by the court system which have unavoidable significant financial implications. Favourable variations are reported from a noticeable reduction of court ordered criminal and welfare secure placements of (£0.171m) with only one placement within the first six months of the year, plus other contracted services saving of (£0.119m) for Looked After Children cost.

As set out above, there are a number of known variations that have been reflected in the monitoring forecast. Action Plans are being shaped in the following areas to mitigate against the potential non-achievement of the £1.162m saving anticipated when setting the base budget.

- Negotiations are taking place with the Primary Care Trust with a view to amending the percentage share of the joint appointment referred to above
- The home to school transport policy is undergoing a review
- The Integrated Disability Service direct payments will be reviewed in conjunction with wraparound packages of care and independent sector placements for children
- General efficiencies including ongoing review of agency staff and temporary staffing arrangements, stationery and conferences.

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. The impact of this on the homelessness budget will need to be assessed with a re-allocation of budget resources as appropriate.

**8.4 Progress against 2009/10 Action Plans**

£3.540m of action plans were set within the 09/10 revenue budget for Children's Services. At present, Action Plans totalling £2.254m have been or are on course to be achieved with £0.124m assessed as Amber presenting some risk of achievement and £1.162m assessed as Red risk presenting a high risk of not being achieved. 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. Examples of actions being implemented are outlined above.

**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

The Council's Medium Term Financial Forecast looks forward to predict the financial position for the next 3 years to include estimates of resources and expenditure. The target budget has been updated to reflect the final costs of the Job evaluation appeals and revised corporate assumptions for pay award and utility costs as outlined in section 5 above. The target budget is currently undergoing review as part of the detailed budget setting exercise for 2010/11. A further year, 2012/13, has now been added in order to maintain a rolling three year budget. The target budget for future years may be subject to change as part of the budget review challenge process currently underway.

| | **Adjusted Target Budget £m** |
|---|---|
| 2009/10 | 52.123 |
| 2010/11 | 51.569 |
| 2011/12 | 51.773 |
| 2012/13 | 52.396 |

Pressures currently identified for future years include:

Key issues are 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 programme for children's services is £58.426m. The revised 2009/10 forecast spend at the end of September was £56.663m, with actual expenditure of £24.443m, representing 47% of the original budget.

The changes during the period were:

| **Re-profiling** | £000 |
|---|---|
| Efford Primary School Re-organisation | (1,778) |
| Lipson Vale Primary School – Condition Works | (18) |
| Healthtec | (80) |
| Schools Devolved Formula Capital | (42) |
| | **(1,918)** |

| **New Approvals** | £000 |
|---|---|
| Lipson Community College – Redesigning Specialist Status | 50 |
| | **50** |

| **Other Variations** | £000 |
| --- | --- |
| Coombe Dean Replacement Windows | 5 |
| Coombe Dean – 14-19 Diploma Gateway | 32 |
| Devolved Formula Capital Projects | 58 |
| Hele – Redesigning Specialist Status School | (25) |
| YOT accommodation in Barne Barton | 35 |
| | **105** |

A review of current pressures and potential savings is currently being undertaken and will be reported in the next cycle.

### 8.8 Sure Start

Sure Start Revenue

Due to delays nationally in commencing the new 2 Year Old Funding project there is a forecast variation of (£0.050m) against the revenue grant spend. All authorities are experiencing a delay on this project and information is awaited from the DCSF on whether carry forward will be allowed to reflect this position.

Sure Start Capital

Early Years surveys have now been completed and prioritised grants to providers are being considered. Phase 3 Children's Centre projects have now been agreed in principle and allocations made. Detailed design work for most projects will start shortly. It is anticipated that most projects will start on site during 2009/10. Plans and progress have been discussed with Together for Children (TfC) and are currently within their required timescales for delivery.

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:

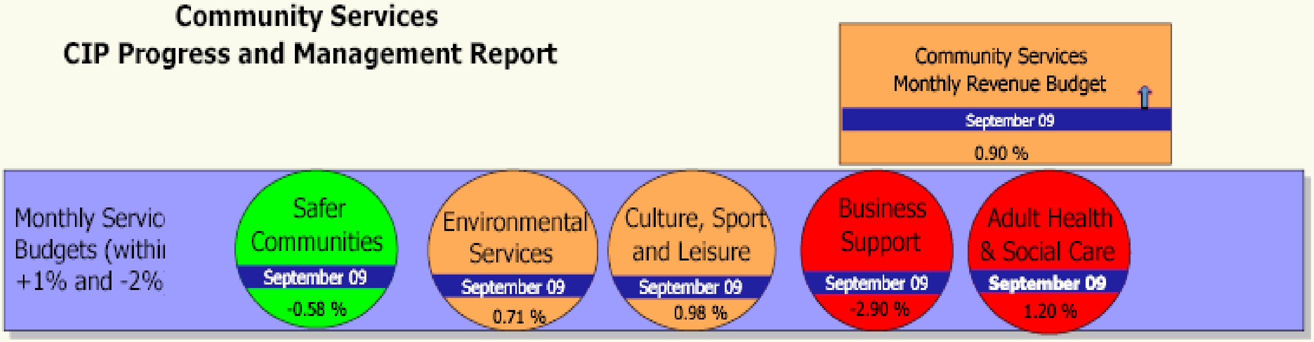
The Community Services department is leading on the following Corporate Improvement Priorities.

- 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

Plymouth Adult Services continues to perform well, including LAA targets, increasing the number of people supported to live independently and have choice in the services they are offered. We have considered our targets post Sept 09 and have now received our assessment from Care Quality Commission. We are currently undertaking our mid year Referral, Assessments and Packages (RAP) data return and will know the position at the end of Oct. We will then review our targets again.

The budget continues to be under pressure due to increased demand and our service improvement agenda to support more people to live independently. There is a comprehensive management action plan to reduce the projected overspend which will be reviewed regularly

### 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 was submitted on time.

There is, however, still a risk associated with not knowing whether we will be successful in getting government funding to build the site. This would mean we did not have the £1.4m required for the build and the detailed implications of this will be reviewed as necessary, after we are told whether our bid is successful, in late October. Consultation on Locality working is underway and the timeframe for this has been extended to allow further discussion and feedback over the proposals. Benefit and tax credit take-up is exceeding the target following the start of a new contract for delivery of financial advice to the public. Community Cohesion and equalities work is on schedule.

| CIP 6. Providing more and better culture and leisure activities | Measures | Milestones |
|---|---|---|

External funding to provide capacity to support the Cultural Board has been identified and confirmed. Two venues have already been confirmed for the British Arts Show and a 3rd is being negotiated. The Inspire mark from LOGOC has been secured for one of the key Cultural Olympiad projects and a draft action plan will be ready in the New Year. All activities are being planned within existing budgets. Concerted activity is taking place to ensure the LAA stretch target on physical activity is met - awaiting Active People Survey results. Work continues with the Arts Council and the Theatre Royal around securing a viable long term future for the Theatre. The sports strategy timescale has been revised and agreed by cabinet - completion by March 2010. Six companies have been invited to tender on 26th October for the leisure management operator contract. Budget pressures have been built into budget discussions. Work continues to identify suitable accommodation for the record office, which might lead to the removal of public records by the National Archives. Property Services are looking for a suitable building. Discussions with the Museums, Libraries & Archives Council and the National Archives on this issue continue. Outline planning permission has now been secured, and work is on track to complete Plympton Library by March 2011. Changes to the governance arrangements for Mt. Edgcumbe are on track for completion by March 2010. With regard to Brickfields, staff have now transferred and draft heads of terms are on track for agreement by March 2010. A legal agreement has been reached with regard to providing publicly accessible swimming pools in the north of the city, but we awaiting details of the specification and design. These are expected within the next month.

| CIP 10. Disposal of waste and increasing recycling | Measures | Milestones |
|---|---|---|

The PFI procurement process is proceeding to the latest agreed programme with short listed solutions now in the detailed development stage. However, final tenders are now expected in August 2010 against June 2010 with operational delivery in 2014.

The Material Recycling Facility upgrade will now slip into 2010/11, this will not affect operational efficiency on the budget.

There is good news in that household waste produced was over 8kg per head lower than the same period last year and waste land-filled was 2% lower than target. However household recycling rates in September was slightly lower than the same month last year (around 0.4%) and the annual target is at risk of not being met. There is a small under-spend in the budget due to reduced tonnage sent to landfill.

Performance in refuse collection continues to improve with the number of missed refuse and recycling collections the lowest since rezoning and below the target of 75 missed bins per day.

**9.3 Community Services Dept – Forecast overspend of £0.921m**

The latest forecast is £103.056m against a revised budget of £102.135m, representing a departmental year end adverse variance of £0.921m (0.9%). The main variations from the budget within the service areas are: -

(a) Adult Social Care – £0.750m overspend, mainly due to increased costs in Community Based Services. This is 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 – £0.098m overspend. Additional budget demands have arisen as new trading activities at Mount Edgcumbe are developed, costs arising from the procurement of a new leisure operator, further support required to meet trading deficit of Mayflower Leisure Centre and the impact of successful JE appeals against grant funded posts. These have been offset by vacancy savings, events not held in 2009/10, together with management action to contain spending.

(c) Environmental Services – £0.173m overspend, mainly due to overspends in Parks, Waste Collection/Transfer and an increase in Fleet & Garage. The position is partly offset by savings in Waste Disposal, Grounds Maintenance and the Public Protection Service.

(d) Safer Communities – (£0.010m) underspend due to vacancy savings.

(e) SSR – (£0.090m) underspend due to vacancy savings. Although this favourable variation is subject to disaggregation of the team for stock transfer purposes. It is anticipated that any residual resources will contribute, in part, towards the pressures arising from the Care First project costs.

**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. A contributory factor is the delayed implementation of the Care First project. Officers have been requested to identify resources to enable this project to progress as a matter of urgency.

Progress against each action plan will be monitored monthly with remedial action taking place where necessary.

In view of the overspend forecast the following additional actions have now been implemented:

Community Packages:

(a) Manage the cost of community packages by raising the authorisation levels to senior managers within the service.

(b) Senior managers reviewing all new/increased packages weekly.

(c) Creating dedicated reviewing officers from existing workforce and setting timescales for review of high cost packages

(d) Bringing forward the start of the resource allocation system and support planning (setting cost ceilings)

(e) Reviewing and renegotiating block and spot contract provision.

(f) Continuing to scrutinise all posts to be filled or covered and agree only those that relate to meeting our statutory responsibilities and delivery plans.

Learning Disability Services:

(a) Revisiting recently determined social care cases to ensure health no longer have responsibility.

(b) Reviewing top 50 high cost packages to manage costs down, to ensure that any transfers from long stay care to community placements are cost neutral and to review and renegotiate block and spot contract provision

S117 Mental Health Aftercare:

(a) To review and screen for Continuing Health Care

## 9.5 Key High Level Risks

The key financial risks for 2009/10 across Community Services are summarised below.

(a) 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.

(b) The ability of the department to increase service levels / client numbers to achieve the CIP targets – particularly within Adult Social Care.

(c) Managing expectations of enhanced levels of service against the approved budget particularly around waste collection and street scene.

(d) Increasing pressures of LATS and landfill tax on the waste disposal budget.

(e) Fall in predicted income due to economic downturn e.g. trade waste

(f) Following the decision to work in partnership with Plymouth Argyle to submit a host city World Cup bid to the football association the Council are making a contribution towards the bid costs of £75,000. This is being funded from a transfer from the General Contingency to Leisure Services approved by the Director of Corporate Support under his delegated powers.

### 9.6 Departmental Medium Term Forecasts

The Council's Medium Term Financial Forecast looks forward to predict the financial position for the next 3 years to include estimates of resources and expenditure. The target budget has been updated to reflect the final costs of the Job evaluation appeals and revised corporate assumptions for pay award and utility costs as outlined in section 5 above. The target budget is currently undergoing review as part of the detailed budget setting exercise for 2010/11. A further year, 2012/13, has now been added in order to maintain a rolling three year budget. The target budget for future years may be subject to change as part of the budget review challenge process currently underway.

| | **Adjusted Target Budget £m** |
|---|---|
| 2009/10 | 102.501 |
| 2010/11 | 111.743 |
| 2011/12 | 112.386 |
| 2012/13 | 113.530 |

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 £215m shortfall. These have already been reflected in the Medium Term Financial Forecast, but funding / budget savings have yet to be determined.

(e) Whilst additional funding has been identified through the carry forward process to delay impact against the Theatre Royal grant reduction, a budget pressure remains for future years against the Theatre Royal grant due to not being able to capitalise £0.250m of the grant monies.

(f) The impact of staffing requirements as a result of approved Life Centre governance statement is being assessed and prudential borrowing requirements for Life Centre ahead of closure of existing facilities.

(g) Further consideration is being given to the Free Swimming initiative directed at under 16's with further cost of £0.250m forecast for 2010/11 and for further consideration as part of the 2010/11 budget setting process.

(h) Slippage to the Leisure Management project as a result of procurement demands by the Life Centre project will result in an estimate £0.055m costs in 2010/11 which will be included in budget review discussions as together with a further pressure of improving existing facilities to a Corporate B standard gives a projected pressure of £0.400m in 2010/11.

## 9.7 Capital Spend / Programme

The latest approved budget for Community Services is now £11.397m and actual expenditure as at the end of September 2009 was £2.038m.

The latest forecast spend for the year is £11.298m or 76% of the original 2009/10 programme. The programme for each service area is shown in table 7 below:

**Table 7**

| Community Services Capital Programme | Latest Approved Budget | Spend to 30 September | Latest Forecast |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Culture, Sport & Leisure** | 9,770 | 1,830 | 9,770 |
| **Adult Social Care** | 576 | 142 | 576 |
| **Environmental Services** | 1,051 | 67 | 952 |
| **Community Services** | **11,397** | **2,038** | **11,298** |

The movement on the Community services capital programme in the period is as follows:

| | £000 |
|---|---|
| **Re-profiling** | |
| Mercury Abatement Equipment in Crematoria | (142) |
| | |
| **New Approvals** | |
| Alexandra Park – Specialist Wall Repairs & Play Equipment | 43 |
| | **99** |

# 10. Development & Regeneration

## 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 Strategy Map outlines progress against each CIP overall.

# Development - CIP Improvement & Management Report

| Development Monthly Revenue Budget |
|---|
| September 09 |
| 3.07 % |

| Monthly Service Budgets (within +1% and -2%) | Transport | Business Support | Economic Development | Planning | City Centre Management | Strategic Housing | Waste Management Projects |
|---|---|---|---|---|---|---|---|
| | September 09 | September 09 | September 09 | September 09 | August 09 | September 09 | September 09 |
| | 3.25 % | -1.00 % | -4.38 % | 3.02 % | 0.00 % | 0.00 % | 0.00 % |

## CIP 5. Providing better and more affordable housing

Measures Milestones

Continued good progress on the delivery of energy efficiency measures through our various schemes, including the Plymouth Warm Zones which has been rebranded to Cosy Devon to further encourage uptake of insulation grants. We are developing our plans to pilot a home energy project to tackle Hard to Treat homes, phase 1 is focusing on 114 private sector homes in Devonport which is on target to be up and running from January 2010. Phase 2 forms part of our bid for further regional funding to target the homes of elderly and vulnerable people who are most at risk through cold and poorly heated homes.
To date we have enabled the completion of 77 new affordable homes and subject to securing additional grant support from the Homes and Communities agency we are hopeful of at least 218 completions for the year. This would be only 8 units short of our target, but a number of completions have slipped into 2010/11 due to a combination of delays on funding and developer negotiations in the current housing market slowdown. We are supporting a couple more stalled sites to bid to the newly announced Kick Start II programme. We have completed the annual update of our Strategic Housing Market and Needs Assessment 2009 which builds upon our better understanding of the current housing market. PCC and PCH have agreed to delay the stock transfer date until 16th November 2009 to allow completion of final legal arrangements and negotiations due to the complexity of this particular transfer. It is the largest in the region, and unique in that it is a deficit government backed transfer with a major regeneration project as part of the project

## CIP 11. Improving access across the city

Measures Milestones

Performance on delivery of key action plans remains behind schedule with four key documents not yet finalised, but progress has been made since the last report. Following earlier resourcing issues, the corporate travel plan is now in final draft form and the bus network review is similarly in its final draft assessment phase. The Accessibility action plan has been delayed until January due to the cancellation of the Healthy Theme Group meeting, and there are ongoing discussions with Network rail for the permissions or acquisitions needed for the proposed continuation of cycle routes in accordance with the cycle strategy:

In view of these delays no improvement will be seen until the New Year.

## CIP 12. Delivering sustainable growth

Measures Milestones

Delivery of the City's growth agenda is still broadly on track despite the inevitable impact of the recession. The City centre company has successfully secured the Business Improvement District (BID) levy renewal for a further 5 years. The renewal which will unlock a £10m investment has 89% support and was the best of any renewal in the country Major regeneration projects at Devonport, Millbay, Plymstock Quarry and Sherford are being reviewed as a result of recessionary impacts, but progress is being made on removing obstacles to delivery. Job creation initiatives are being pursued through the Urban Enterprise Programme and through the continuing implementation of both the Recession Action Plan and the Market Recovery Action Plan. In parallel with these short term measures, planning for the upturn and the delivery of the city's longer term growth continues with the preparation of the Local Investment Plan under the Single Conversation with the Homes and Communities Agency and the publication of plans for the City Centre. There has been a delay in establishing new streamlined governance arrangements to drive forward the growth agenda because of the need to ensure alignment with the requirements of sub regional, delivery partner, and private sector stakeholders. Planning permission has now been submitted for part of the Eastern Corridor Major Scheme bid, which although slipped from the original programme, reflects wider strategic corridor planning requirements. The Government's decision to remove £2.4 Million of previously approved New Growth Points funding will have an impact on the phasing of strategic infrastructure necessary for the delivery of homes and jobs. The impact of this reduction is currently being assessed through the Single Conversation process. The recently announced further delay in the publication of the Regional Spatial Strategy continues the uncertainty within which investment decisions have to be made. The City Council continues to lobby Government to revise the Regional Spatial Strategy to better reflect Plymouth's growth plans.

## 10.3 Development & Regeneration – Forecast Revenue overspend of £0.511m

Significant progress has been made in the last period reducing the overspend forecast by £0.499m. However there continues to remain a pressure on the General Fund from reduced revenue contributions from the Car Park reserve of £0.508m and Market reserve of £0.114m resulting from below forecast income levels and increase capital charges following land and property revaluations. Other pressures result from increased costs on the CCTV budget. Offsetting this is a favourable variation on the concessionary fares budget but this is a volatile area that will need to be closely monitored.

Almost half of the current predicted overspend is a result of the late introduction of increased capital charges (£0.233m) which were not included in the budget at the beginning of the year. The lower revenue in parking, due in part to significant changes in the service leading to an early year downturn in income (Theatre Royal refurbishment and changes to on- street enforcement) is now being reduced as the efficiency savings identified start to be fed through in higher income levels.

Further business planning is currently being undertaken to identify further savings for the remainder of the year to close the gap.

## 10.4 Development Trading Accounts

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

**Table 8**

| | Latest Approved Budget | Outturn Forecast September 09 | Latest Variance |
|---|---|---|---|
| | £000 | £000 | £000 |
| Off Street Parking | (1,125) | (894) | 231 |
| On Street Parking | (1,349) | (1,273) | 76 |
| Street Trading | 0 | 0 | 0 |
| City Market | 138 | 145 | 7 |
| **Total** | **(2,336)** | **(2,022)** | **314** |

## 10.5 Progress against 2009/10 Action Plans

£3.155m of action plans were set within the 2009/10 revenue budget for Development & Regeneration.

The majority of action plans relate to restructuring of services and reductions in staffing. These are largely complete. At present actions totalling £0.117m have been identified as a red risk and potentially unachievable, although all of the action plans are under review.

## 10.6 Key High Level Risks

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.

A condition survey has recently been undertaken on the Pannier Market which has highlighted the need to plan ahead for significant investment in the facility both in terms of repair and improvement. Some works will require to be undertaken within the next couple of years and detailed proposals will be formulated to be considered in the budget setting process.

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

The Council's Medium Term Financial Forecast looks forward to predict the financial position for the next 3 years to include estimates of resources and expenditure. The target budget has been updated to reflect the final costs of the Job evaluation appeals and revised corporate assumptions for pay award and utility costs as outlined in section 5 above. The target budget is currently undergoing review as part of the detailed budget setting exercise for 2010/11. A further year, 2012/13, has now been added in order to maintain a rolling three year budget. The target budget for future years may be subject to change as part of the budget review challenge process currently underway.

| | **Adjusted Target Budget £m** |
|---|---|
| 2009/10 | 16.683 |
| 2010/11 | 17.952 |
| 2011/12 | 18.699 |
| 2012/13 | 18.971 |

## 10.8 Capital Spend / Programme

The latest approved programme for Development is £24.417m. This is now forecast to reduce to £23.373m and the main movement on the programme is detailed below. Actual spend to the end of September was £4.019m.

**£000**

(766) Materials Recycling facility
£0.854m was approved in October 2008 for the upgrading of the M.R.F at Chelson Meadow. The approved works, previously scheduled to be 50% undertaken in each of the financial years 2009 – 11, have now largely been delayed until 2010/11. This is as a result of delays in procuring the works & the fabrication of the parts required.

(200) Chelson Meadow capping and leachate works
The capping restoration budget has been reduced by £0.666m 2009/13, as a result of tendered contract savings. This largely translates as £0.200m of slippage from 2009 to 2010/11, with the significant reduction falling in 2011/12.

(100) Reprofiling of Stonehouse Compulsory Purchase Order Scheme
– bad weather not allowed for in work schedule.

18 Re-profiling Devonport Guildhall payment anticipated in 10/11
will now be accrued in 09/10.

26 New Approval in Strategic Housing – Living over the Shops

(22) Variation – Admiralty Street, Prohibition of Driving Order
– project no longer proceeding

## 10.9 <u>Capital Projects Under Development</u>

**Transport Asset Management Plan - £0.056m 2009/10**

Proposals are being prepared for Capital Programme Board seeking approval to spend £0.056m which has been awarded to PCC in 2009/10, from the DfT. This capital grant has been awarded to support proposals that will create and maintain a Transport Asset Management database, suitable to provide the detailed information that will be required in the accounts, to comply with proposed future International Financial Reporting Standards.

**Devonport Home Insulation Project**

The budget holder for this scheme is currently completing funding forms for submission to the Capital Programme Board. This scheme will be grant funded.

# 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 Monthy Revenue Budget |
|---|
| September 09 |
| -0.37 % |

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

| Finance, Assets and Efficiencies | Democracy and Governance | HR | Customer Services & Business | ICT | Departmental Management |
|---|---|---|---|---|---|
| September 09 | September 09 | September 09 | September 09 | September 09 | September 09 |
| 0.00 % | 0.44 % | -5.03 % | 1.54 % | 0.12 % | 0.00 % |

## CIP 1. Improving Customer Service

Measures Milestones

The CIP plan was signed off by CMT during September and the action plans are rolling out effectively. Funding from CLG was granted and CIP1 will be managing the 'Getting it right and righting the wrongs' pilot as the regional champion for the South West. Some slippage has been caused due to the delay in sign off, but it is likely that the majority of projects will remain on schedule.

The one area of slippage currently is in relation to the replacement software solution for complaints handling. A wider corporate review of the CRM requirements has highlighted that it is more cost efficient to invest in a single CRM solution that also delivers complaints capability. A project plan scoping this work is currently under review, but a delay in implementation on this milestone has been flagged red as there is likely to be slight slippage.

## CIP 13. Supporting Council staff to perform better

Measures Milestones

Negotiations are continuing with Trade Unions to finalise changes to the Single Status Terms and Conditions. 90% of managers have been trained in the use of the PCC Competency framework and departments are planning appraisals in readiness for the 31st January 2010 deadline.

Manager Self Service development is continuing and the project team is closely reviewing the project plan and is addressing technical difficulties arising in the transfer to a new technical platform.

The e-Learning package to be used in the roll out of training for MSS is now under development.

Although risks and issues have been identified for other workstreams, these are being managed and all other projects are on target.

## CIP 14. Improving value for money

Measures Milestones

The first Business case to support the Accommodation strategy has been drafted for presentation to Corporate Management Team in November. Limited progress has been made in developing Service Level Agreement's for support services and the future direction of this action will need to be determined.

2009/10 Value for Money (VFM) targets are currently being reviewed and new targets for the medium term are being negotiated as part of the 2010/11 corporate planning / budget setting cycle. The Assistant Director for Finance, Assets and Efficiencies is leading the negotiations with Directors who will each be asked to produce a VfM delivery plan, which will include a contribution towards National Indicator 179 (Measuring VfM gains).

We are currently reviewing our 3 year efficiency plan in order to increase the level of efficiencies we can drive out in 2010/11. The efficiency targets are proving challenging to evidence due to tightening of criteria. Roles and Responsibilities have been drafted with the Director for Corporate Support championing the efficiency agenda at Corporate Management Team. Work has begun to raise the profile of the efficiency return with a view to getting back on track by the end of 2009/10.

The Council's Carbon Reduction Commitment has confirmed the potential financial liabilities to be incurred from 2010 onwards. These liabilities are being incorporated in the Medium Term Financial Forecast and relevant actions and training continue to be developed to help reduce our carbon footprint and limit the level of financial penalties.

The Improvement and Development Agency for Local Government have recognised the Council's positive environmental sustainability work relating to Carbon Reduction Commitment as a best practice case study.

### 11.3 Revenue Budget Monitoring – Forecast underspend of (£0.132m)

The main variations are:

(a) Finance, Assets and Efficiencies:
A neutral position is being forecast for this area. The key management posts have now been successfully filled with staff due to take up positions over the next few months. This will enable the remaining structure to be finalised and efficiencies achieved over the longer term.

(b) Democracy and Governance :
An overspend of £0.025m 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 (£0.200m) mainly as a result of vacancies and secondments to major projects.

(d) Customer Service and Business Transformation
An overspend of £0.035m relating in the main to recruitment costs for the new management structure.

### 11.4 Progress against 2009/10 Action Plans

£2.696m of new action plans were set within the 2009/10 revenue budget for Corporate Support. As at the end of September, monitoring of progress indicated plans totalling £0.197m have been rated as at high risk of not being achieved. The high risk element relates to a reduction in building cleaning costs and savings in the upkeep of Windsor House. Both of these budget areas are currently being reviewed.

### 11.5 Key High Level Risks

The highest risk is that some efficiency savings, including those carrying on from previous years, have not yet been fully identified although now allocated to managers for action.

### 11.6 Departmental Medium Term Forecasts

The Council's Medium Term Financial Forecast looks forward to predict the financial position for the next 3 years to include estimates of resources and expenditure. The target budget has been updated to reflect the final costs of the Job evaluation appeals and revised corporate assumptions for pay award and utility costs as outlined in section 6 above. The target budget is currently undergoing review as part of the detailed budget setting exercise for 2010/11. A further year, 2012/13, has now been added in order to maintain a rolling three year budget. The target budget for future years may be subject to change as part of the budget review challenge process currently underway.

| | Adjusted Target Budget £m |
|---|---|
| 2009/10 | 35.634 |
| 2010/11 | 34.069 |
| 2011/12 | 34.519 |
| 2012/13 | 35.277 |

### 11.7 Capital Spend / Programme

The latest approved capital programme for corporate support for 2009/10 is £1.097m. Actual spend at end of September was £0.593m.

## 12. Chief Executive

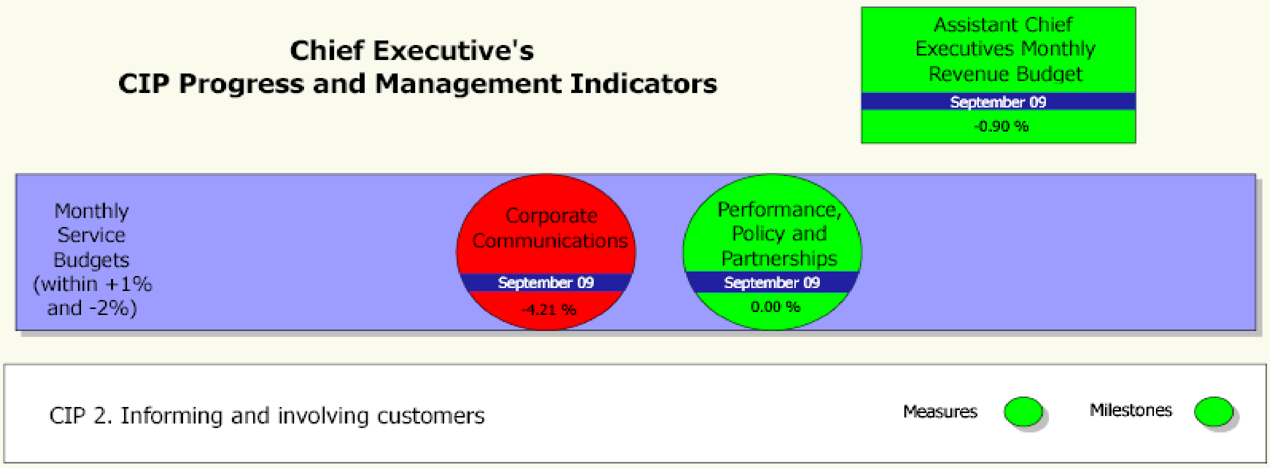
### 12.1 Corporate Improvement Priorities:

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.




Following presentation by Ipsos MORI in June, Plymouth's Place Survey report was published in September. This was later than originally planned because DCLG changed the weightings applied to the raw data requiring further work by all authorities to establish final results. Managers and partner organisations were informed of the delay and supplied with provisional information so that work on target-setting could commence in advance of publication of the final results. The final report was circulated in September allowing targets to be finalised for 2010/11 and informing budget prioritisation.

A pilot 'You Said, We Did' campaign took place in September, initiating an on-going programme of campaign work - part of our approach to improving our NI4 score.

Further survey work took place with Plymouth Points of View (our residents' panel) in September, and members of the council's consultation network supported SMT at Area Committees as part of consultation in relation to the emerging 'Localities' agenda.

Building on what we know from the Place Survey about NI4, further research is planned, the results of which will help develop a detailed NI4 action plan.

## 12.3 Revenue Budget Monitoring – under spend of (£0.024m)

The Chief Executive Department’s monitoring for September shows a favourable variation of £0.024m, resulting from vacancies above target and general slowing down of running expenses.

## 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. It is forecast that these will be achieved in full for the current year, although some of this will be achieved by vacancy savings which may not be ongoing into future years. Any shortfall for future years will be addressed during the next few months as the department reviews actions to bring its budget back to target in each year over the medium term.

### 12. 5 Key High Level Risks

Whilst the action plans and current projections show a breakeven position for this financial year, there is pressure on future years' budgets as this is dependant on securing external funding streams.

### 12. 6 Departmental Medium Term Forecasts

The Council's Medium Term Financial Forecast looks forward to predict the financial position for the next 3 years to include estimates of resources and expenditure. The target budget has been updated to reflect the final costs of the Job evaluation appeals and revised corporate assumptions for pay award and utility costs as outlined in section 6 above. The target budget is currently undergoing review as part of the detailed budget setting exercise for 2010/11. A further year, 2012/13, has now been added in order to maintain a rolling three year budget. The target budget for future years may be subject to change as part of the budget review challenge process currently underway.

| | **Adjusted Target Budget £m** |
|---|---|
| 2009/10 | 0.918 |
| 2010/11 | 1.701 |
| 2011/12 | 1.476 |
| 2012/13 | 1.515 |

## 13. Corporate Items & Cross-Cutting Issues

### 13.1 Corporate Items - Revenue Budget Monitoring – underspend of (£0.153m)

There is an overall adverse variation on the capital financing budget due in part to the continuing financial climate which is affecting our ability to achieve the target rate of return on our investments, and an adjustment to the annual Minimum Revenue Provision (MRP).

This is being offset by the favourable variation from the reduced energy prices under the new contract (net of the agreed virement to corporate property) and the favourable impact from the reduction in the pay award assumption from 2% to 1%.

### 13.2 Risk Management (1) - Items not reflected in the figures

13.2.1 <u>Contingency</u>

The 2009/10 budget includes a general contingency provision of £0.500m. The Director for Corporate Support acting under delegated authority has approved a virement of £0.075m from the contingency to Community Services to meet the costs of the world cup bid. This will leave a contingency of £0.425m. The figures above assume this will be spent in full.

13.2.2 JE contingency

At the start of the year the Council had a sum of £1.514m held in contingency to meet the costs of JE appeals and a further £2.1m was carried forward from 2008/09. All the appeals have now been agreed and final payments were made in August. The outcomes of a few outstanding issues may affect some job evaluation outcomes and the necessary adjustments will be made to budgets as required. The contingency budget has been reallocated across departments by way of a budget virement to meet the resulting increased costs and is reflected in the departments latest approved budget . However in accordance with Financial Regulation budget virement limits, the virement requires ratification by Cabinet.

| | £000 |
|---|---|
| Children's Services | 430 |
| Community Services | 552 |
| Development and Regeneration | 356 |
| Corporate Support | 383 |
| Chief Executive | 57 |
| Transfer to provision for backdated impact previous years | 437 |
| | **2,215** |

This will leave a sum of £1.399m against the contingency 'carry forward' reserve. Further adjustments to reflect the additional successful appeals will be made during the next monitoring period. Any remaining balance on the JE Carry forward reserve will be utilised to offset increased costs next financial year. However from financial year 2011/12, the contingency provision will be exhausted and departments will be expected to contain any increased costs within their departmental target budgets.

13.2.3 Corporate Impact of Stock transfer

It is currently estimated that there will be a cost to the General Fund of £0.7m as a result of the stock transfer in 2009/10. This has not currently been reported in the variance figures. Against this sum it is anticipated that VAT shelter receipts of £0.5m will be forthcoming, although at the present time VAT shelter receipts will need to be treated as capital receipts.

Officers are working on a range of options to minimise the impact of the funding mismatch and which include seeking an urgent meeting with DCLG to discuss the possibility of an in principle agreement for an exceptional Capitalisation Direction over the next 5 years and/or agreement to a to a special regulation under section 9 (3)(a) of the 2003 Local Government Act 2003 permitting the Council to treat Vat shelter receipts as revenue.

13.2.4 Back dated Equal pay claims

The Council has received a number of equal pay claims and grievances. These are being dealt with by way of grievance hearings and through the Employment Tribunal system. Grievance hearings will be held during November/December 2009 although tribunal claims are unlikely to be heard in the current financial year. The council secured a Capitalisation Direction to cover equal pay claims in 2007/8. However the Capitalisation Direction may only be used for those claims submitted prior to 31 March 2008.

As part of closedown for 2008/09 the Council set aside a further £0.350m in a reserve for equal pay claims and although a further application for a Capitalisation Direction was submitted earlier this year, the Council has been informed that its application has been unsuccessful.

13.2.5 Redundancy Position

At the end of September redundancy payments totalling £0.588m had been paid (including the strain payment to the pension's fund) with a further £0.362m of payments in the system. This brings the total redundancy payments to £0.950m. The Council has an earmarked reserve to meet the costs of redundancies and this stood at £1.133m at 1 April 2009. Further redundancies are expected over the next few months as departments seek to meet their planned staffing reductions but steps will be taken to minimise the impact by deleting vacant posts and natural wastage where ever possible. Once the reserve has been exhausted, any further costs will add to the pressure on the revenue budget.

13.2.6 VAT – 'Fleming' Claims

As reported previously, the council has secured reimbursement of £0.477m in respect of overpaid VAT. This will be transferred to the Corporate Improvement reserve in accordance with the approved recommendation. The Council has 2 further claims outstanding for which the VAT officer has recently requested additional information in support of the claims.

13.2.7 Icelandic Bank Losses

As part of the last report approval was given to transfer any interest received from investments in Icelandic Banks to the Icelandic Bank Reserve to offset residual losses. Interest of £0.024m has been received from the first dividend payment from Heritable Bank. A further divided is due at the end of the year. The claims submitted for Landslanki and Glitnir include interest up to 22 April 2009 with the majority of this payable at a penalty rate of 22%, although it is not yet known when the first payments will be received. Further details of the anticipated recoveries are shown in table 3.

**Recommendations:**

4. The reallocation of the JE contingency across council departments, as outlined in section 13.2.2, be approved.

5. Officers seek an urgent meeting with DCLG to discuss options to utilise the capital monies from the VAT shelter agreement to offset revenue pressures, these options to include:
   (i) an in principle agreement to an exceptional Capitalisation Direction over the next 5 years, and/or
   (ii) agreement to a special regulation under section 9 (3)(a) of the 2003 Local Government Act 2003 permitting the Council to treat Vat shelter receipts as revenue.

## 13.3 Risk Management (2) - Mid year Review of Reserves, Balances & Provisions

(a) Working Balance

The Council's Working Balance currently stands at £11.739m which equates to 5.9% of net revenue spend. The working balance is forecast to reduce to £11.517m at the end of the year. This is within the tolerance levels within our Medium Term Financial Strategy, (March 2009), and remains 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 balance at 31 March 2010 is forecast to be £14.183m.

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

As part of the closedown process last year additional approvals were given for carry forward of budget in a number of areas. Normally these budgets would be expected to be spent in full in the following financial year. However in two of these areas it is now expected that the reserve will not be utilised until 2010/11. These are being reported for information only and no further approval is required to slip the monies between years:

- LSP – the Local Public Sector Agreement (LPSA) strategy will not be finalised until November and the delay will result in the commissioning of work, and the reserve contribution, now slipping into 2010/11.

- JE appeals/competency framework – a transfer to reserve was made to meet HR costs of finalising JE appeals and implementing the new competency framework. It is now forecast that approximately £0.161m of this allowance relating to the new competency framework will slip into 2010/11.

The other main change to the movement on the reserves from that reported previously is the slippage of the DRCP local solution monies into 2010/11.

(c) Provisions

The Council has a number of budget provisions set up to meet known liabilities. The current provisions and estimated movement in the year are outlined in Appendix D. The main provisions relate to the insurance fund, specific provisions set up for the backdated costs of JE and JE appeals and the HRA gas servicing ex-gratia payments, together with a number of bad debt provisions.

(d) Contingent Liabilities

In addition to the specific reserves and provisions outlined above, there are a number of areas that may result in a financial liability to the Council but which cannot be quantified both in terms of costs and timing with any certainty. In the main these relate to legal claims against the Council or guarantees given by the council to its subsidiaries and associates. The Council is required to disclose all contingent liabilities in a note in the Statutory Statement of Accounts.

During the year contingent liabilities are kept under review and details reported to Audit Committee as part of the risk register monitoring. Many of the items contained within contingent liabilities have already been reported within the relevant sections of this report. Where considered appropriate, the Director for Corporate Support will make recommendations for budget provisions or transfer to reserves as a corporate health adjustment, reporting any action required to Cabinet as part of the monitoring reports.

As part of the negotiations for the Housing stock transfer the Council has been required to provide a number of warranties to Plymouth Community Homes, including warranties against asbestos and environmental claims. As any payments under these warranties will be unknown and unquantifiable, these items will be included as a contingent liability for accounting purposes.

The main contingent liabilities currently reported are:

- Municipal Mutual Insurance Ltd- Scheme of Arrangement- the company experienced trading difficulties and is working towards a 'solvent run off' until all outstanding claims settled, but there is a potential clawback arrangement if the company becomes insolvent, whereby the creditors would be required to pay a proportion of the claims paid. These claims totalled £1.286m at 31 March 09.
- PLUSS Organisation Ltd – the Council has guaranteed payments into the pensions fund for transferred employees, has also provided a loan of £0.235m and jointly agreed a bank overdraft facility with Torbay and Devon County Council.
- Section 117 refunds- the Council discloses a potential contingent liability in respect of claims for reimbursement from self funders, although the last claim submitted was in 2003.
- Single status equal pay claims – see 13.2.4 above.
- Civic centre – a contingent liability disclosed whilst the future of the building remains subject to uncertainty.
- Connexions – the Council has guaranteed to meet an element of pension liabilities should the organisation be wound up.
- Housing stock condition – Works required to meet decency standards – stock due to transfer to Plymouth Community Homes on 16 November 2009.
- Housing stock transfer – section 25 loan – possibility of loan not being reimbursed if transfer fails– stock due to transfer 16 November 2009.
- Contaminated land – potential liability for clean up costs especially if land transferred to developers.
- Treasury Management – Investment losses – see above.

## 13.4 <u>Partnership – Accountable Body Schemes – DRCP</u>

The final grant allocation for the year has now been confirmed as £7.621m. Actual spend at the end of the 2 quarter was £1.258m with claims yet to be processed totalling £0.976m. The programme remains high risk not least because much of the spend is profiled to the last two quarters of the year. Monthly meetings continue to be held with officers from DRCP, PCC and GOSW.

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 10 year programme enters its final year in 2010/11 and attention is now focussed on completing major capital schemes and succession planning for post NDC grant. Cabinet have received and approved in principle the succession plan for DRCP and the necessary paperwork has been submitted to DCLG. However the Council’s approval remains subject to the following conditions:

1. Completion of financial checks to include Neighbourhood Manager costs, Devonport Community Land and Leisure Trusts and their asset bases.
2. Discussion and agreement to the letter of intent between DRCP and the City Council.
3. The approval of Communities & Local Government of the Devonport Community Land Trust Governance arrangements.
4. Completion of the review into the future use of Parkside by the Director for Corporate Support.
5. Subject to agreement that we will be engaged in the discussion between DRCP and DCLG during the period end of October 2009 to April 2010.

One of the proposals for the succession plan is the appointment of a Devonport Neighbourhood Manager on an initial 3 year contract. This post will be funded from NDC grant, but as grant may not be carried forward after the end of the programme, it is proposed that DRCP meet the Council’s current costs of running Brickfields, with an equivalent amount set aside in a City Council reserve to be utilised to fund the Devonport Neighbourhood Manager post in 2011/12 and 2012/13.

**Recommendation:**

6. Cabinet note the action taken by Officers to ensure funding for the Devonport Neighbourhood Manager post is available over the next 3 years and agree to the transfer of £0.100m to an earmarked reserve in return for additional NDC grant funding towards Brickfields running costs.

# Section C – Housing Revenue Account

## 14 HRA – Revenue Budget

14.1 Due to the impending stock transfer and the requirement of staff to produce the initial budget for Plymouth Community Homes (PCH), there has been limited detailed monitoring of the HRA during the period. However at this stage of the transfer process, it is still expected that pending all the residual entries to the HRA account post transfer, a working balance of at least £2m will remain.

14.2 Over the next few weeks officers will commence the closedown entries for the account, in particular liaising with PCH over apportionment of arrears and prepaid income.

14.3 Steps will also be taken to ensure the necessary consent is in place to transfer residual properties, namely the SHIP hostel and decanted properties at Devonport from the HRA to the Council's general fund. This will enable the final subsidy claim to be submitted in September 2010 and, subject to the auditors being satisfied that the claim is correct, an application to be made to the secretary of state to formally close the HRA. It is at this stage that any balances on the HRA would transfer to the General Fund.

## 15 Capital Programme

15.1 The latest approved capital programme for the year is £7.761m, with forecast spend at the end of September standing at £7.991m. Actual expenditure as at the end of September 2009 was £4.594m.

15.2 The forecast spend of £7.991m assumed a programme to 19 October based on an apportionment of capital resources up to transfer date. This figure included outstanding decanting works at Devonport, totaling £0.932m, which were due to be completed after transfer but for which equivalent capital resources were to be transferred to PCH, leaving a net programme of £7.060m. As a result of the extension to the transfer date to 16 November concerns have been raised about continuity of work/workloads etc, and it has been agreed that housing may continue to spend on the programme up to the original approval of £7.992m with any spend above £7.060m being 'reimbursed' by PCH. This will be effected by deducting any excess spend from the payment we have agreed for Devonport, the actual overspend to be determined once transfer has taken place and we have paid outstanding invoices and calculated the retention payments.

15.3 The Council will receive additional Major Repairs Allowance (MRA), totaling approximately £0.733m as a result of the extended transfer date. This amount will be transferred to the major repairs reserve. Once the final retention payments and other outstanding liabilities from the HRA capital programme have been settled, any balance remaining in the major repairs reserve will be used to repay debt.

# Section D – Treasury Management Activity

## 16. Loans and Investments

### Borrowing

16.1 The Council's loans at 30 September 2009 were:

| | Principal O/S £000 | Average Rate % |
|---|---|---|
| PWLB (Public Works Loan Board) | 141,500 | 5.4528 |
| Market Loans | 130,000 | 4.4202 |
| Bonds | 83 | 3.4458 |
| Temporary Loans | 9,000 | 0.2733 |
| **Total Borrowing:** | **280,583** | **4.8077** |
| **Add Devon Debt @ 30/09/09** | **34,644** | **5.4000** |
| **Total Debt 30/09/09** | **315,227** | **4.8728** |

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

- Authorised limits £406m
- Operational Boundary £430m

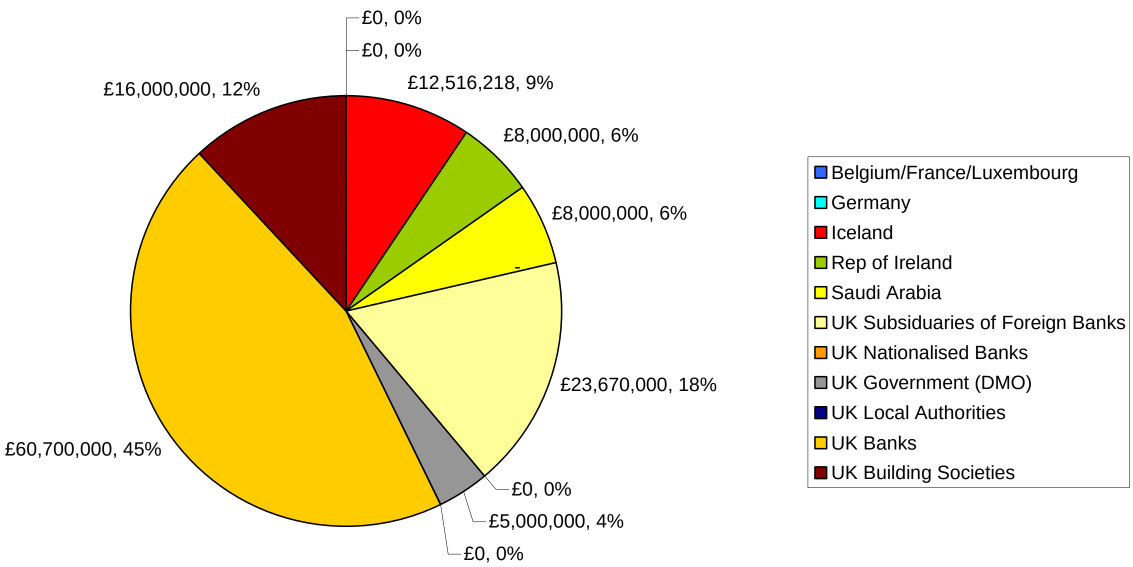
16.3 The maximum borrowing outstanding in the period 1 August 09 to 30 September 09 was £331.51m on 3 August 09. This was within both the authorised limit and the operational boundary. At 30 September 09 borrowing had fallen to £315.23m. The reduction is due to the repayment of temporary borrowing taken to cover cash flow requirements.

16.4 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 continues to be managed via general cash flows, temporary borrowing and balances. This strategy will be continued through to the year end with low rate short-term loans taken as required delaying the need to take out additional long-term loans at relatively high interest rates.

### Investments

16.5 At 30 September the Council's investments stood at £133.886m.This has fallen from £157.666m at 31 July due to a number of maturing deposits used to repay short term borrowing and cover cash flow requirements. The pie chart below analyses the investments by country.

**PCC DEPOSITS BY COUNTRY AT 30th SEPTEMBER 2009 - Total Deposits £133,886,218.38**




16.6 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 during the period.

| Amount | Start Date | End Date | Term (days) | Rate % |
|---|---|---|---|---|
| £5.0m | 02/09/09 | 01/09/10 | 364 | 1.80 |
| £5.0m | 28/09/09 | 27/09/10 | 364 | 1.85 |

16.7 The above deposits have been taken above target rates and increased the forecast return on investments in 09/10. However current market conditions continue to put pressure on the Council's treasury management activity. In line with cash flow requirements to year end, deposits will be made in shorter period maturities and call accounts at rates below target. This is reflected in the budget monitoring for corporate items.

16.8 A number of bank call accounts are used for the liquidity requirements of the Authority. Funds are available for same day withdrawal and can therefore be used to cover cash flow requirements. The Treasury Management policy and strategy approved by Council in March 09 set a maximum limit of £10m on each of these call accounts. In order to give greater flexibility and to enable more effective management of risk with each of the banks the limit on call accounts has been removed with these deposits managed within the overall exposure limit with each bank. This action has been taken by the Director for Corporate Support acting under delegated authority to manage the Council's investments on a day to day basis.

16.9 The Council has call accounts with the following banks:

- Abbey
- Bank of Scotland (BOS)
- Clydesdale
- Royal Bank of Scotland (RBS)

16.10 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.

**Recommendation:**

7. Note the action taken by Director for Corporate Support, acting under delegated authority, to remove the £10m limit on call accounts, these deposits to be managed within the overall credit limit for each banking group.

16.11 Progress on reducing debt and investment levels

In accordance with regulations, the Council has set aside funds to repay debt through the statutory requirement to make an annual charge to revenue (minimum revenue provision). A further set-aside balance has accrued as part of the requirement to set aside capital receipts to reimburse the funds used to repay a £34.4m loan for the Pavilions. These balances are shown within the Capital Adjustment Account on the Council's Balance Sheet.

The balance set aside stood at £53.8m at 31/3/09. During 2009/10 further sums will be set aside bringing the balance to £62.5m, including the full reimbursement of the funds used to finance the £34.4m loan repayment.

In line with the Council's strategy to reduce debt and minimise credit risk, and in consultation with our Treasury advisors, Arlingclose, this balance will be fully utilised in 2009/10 to repay the temporary borrowing taken in lieu of new longer term borrowing. Based on our current forecast to year end and the impact of stock transfer this will result in the Council's total debt, including £34.64m administered by Devon County Council, falling to approximately £227m at 31 March 2009. At the same time the Council's deposits invested in banks and building societies are forecast to fall from the balance at 30 September 2009 of £133.886m to £73.425m.

16.12 Audit Commission Report into Local Authority Investments in Iceland

The Audit Commission issued its report 'Risk and Return' outlining its findings into local authority deposits in Iceland earlier this year. The report identified a number of good and bad practices across authorities and set out a number of recommendations.

Although the authority can score itself as meeting best practice in a number of areas and has implemented the majority of the recommendations, the authority has recently commissioned an independent report from our treasury advisors, Arlingclose, to outline any further improvements that could be made to our treasury management practices and any recommendations will be reported to Cabinet at a later date.

# Section E – Concluding Remarks

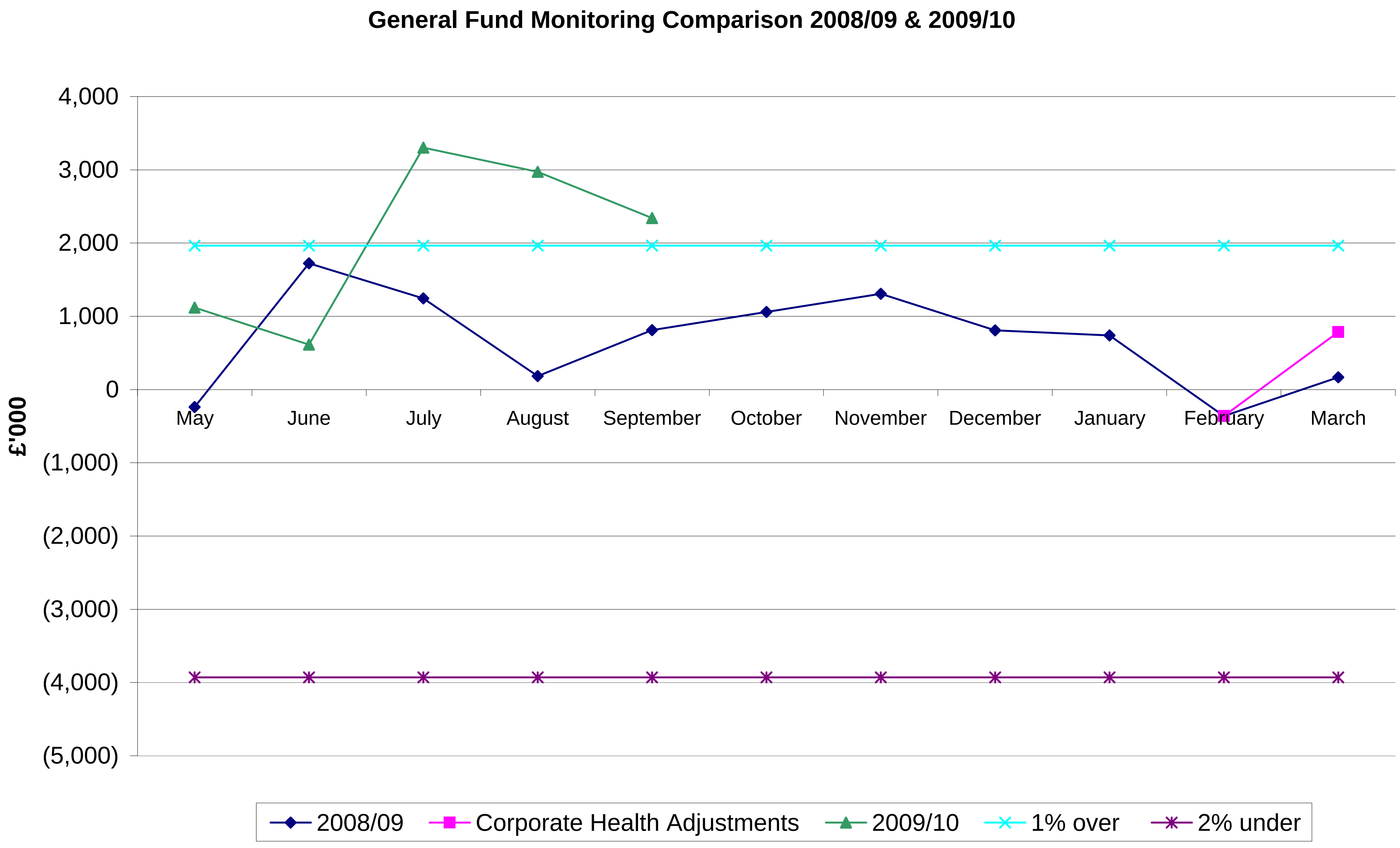
## 17. Summary

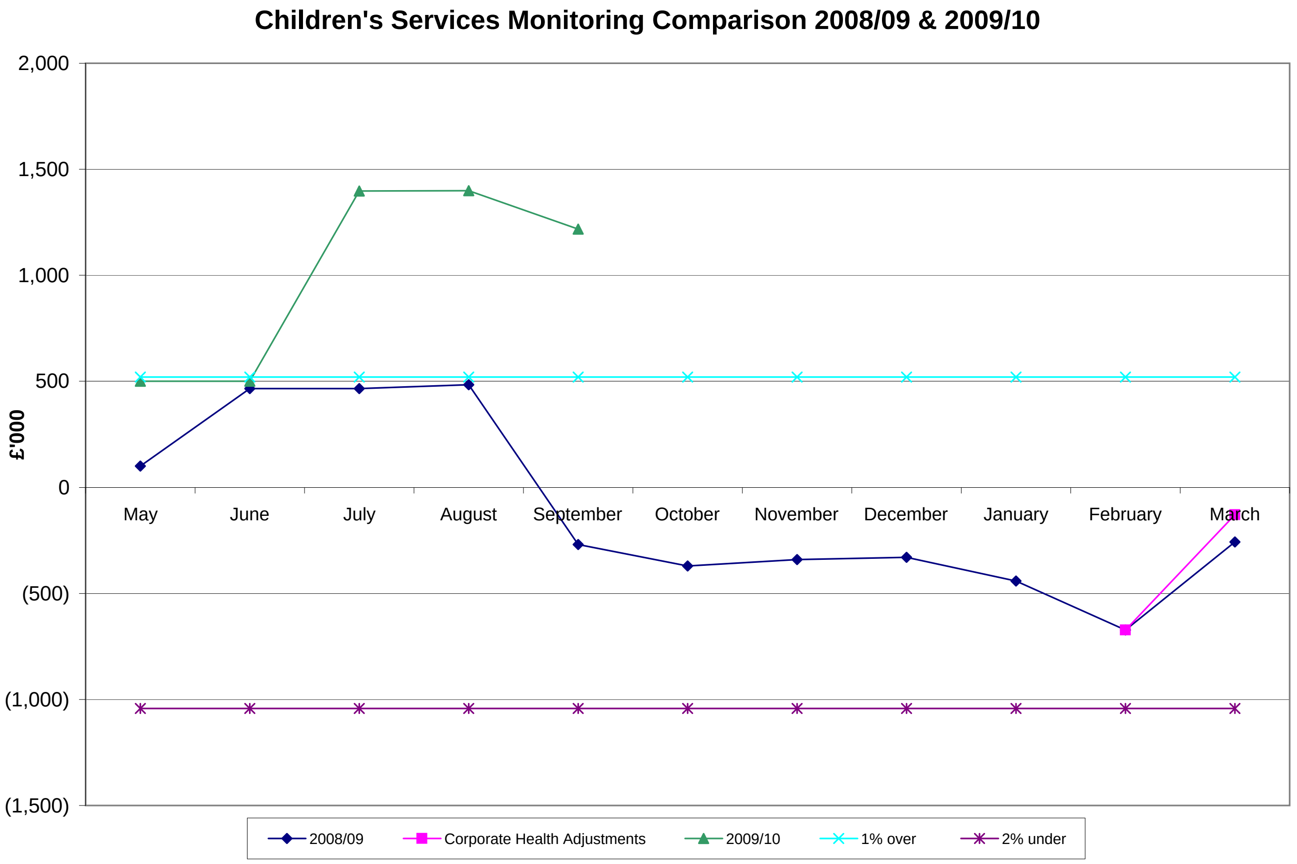
17.1 Performance information has been shown in a scorecard format highlighting the overall position of each CIP with narrative provided by each CIP lead to explain any issues arising and actions being taken

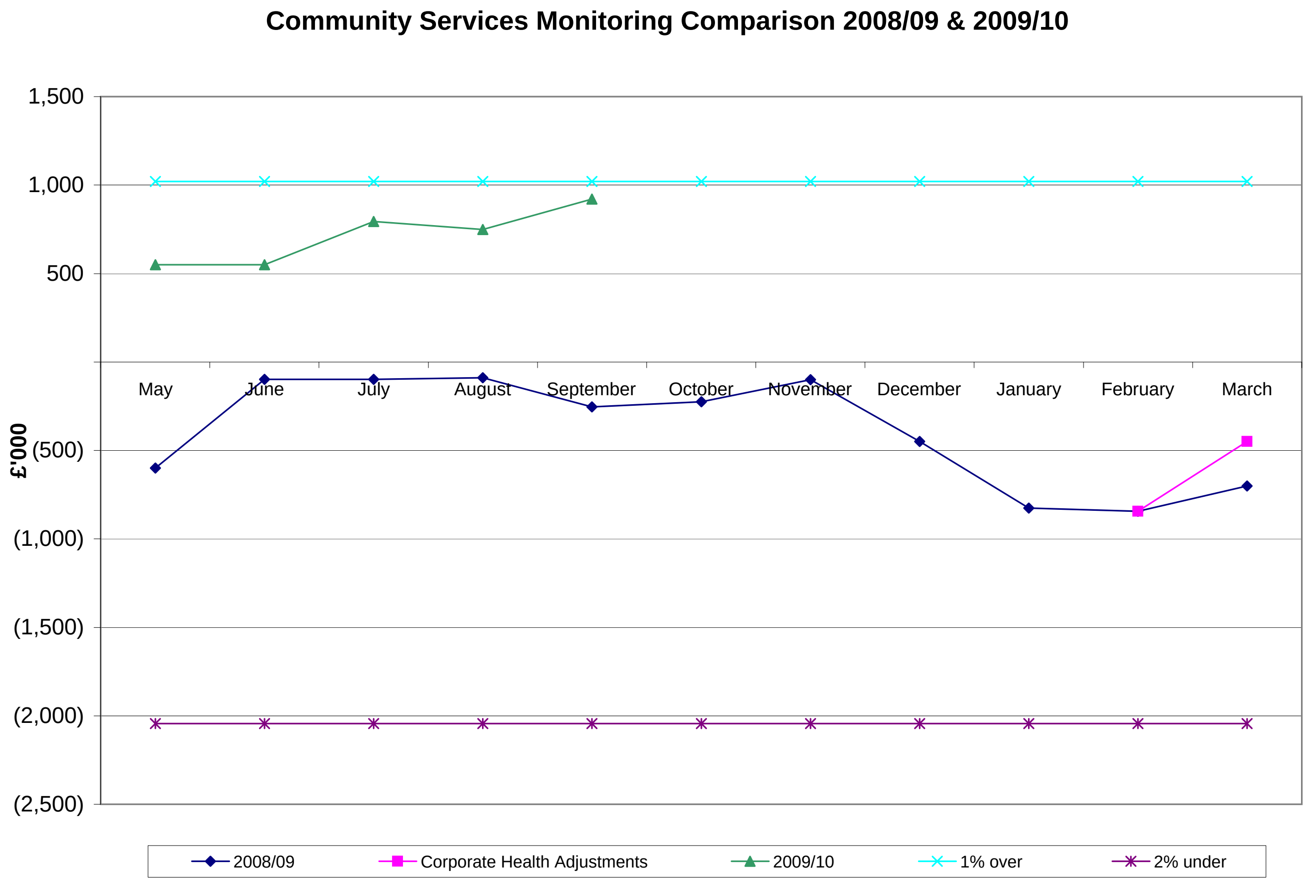
17.2 General Fund is forecasting a year end adverse variation (or overspend) of £2.341m or +1.2% of net revenue budget.

17.3 The revised in-year capital forecast and financing requirement is £82.478m, with actual spend as at 30 September standing at £35.687m.

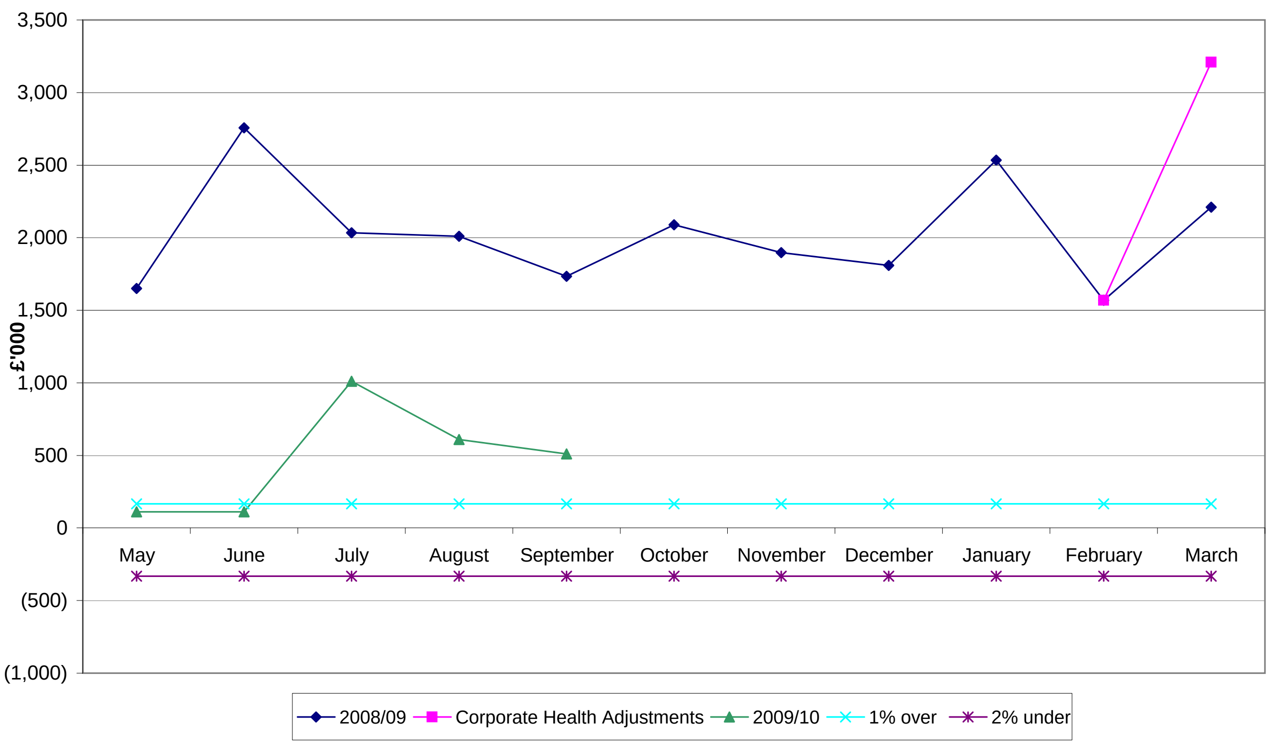
17.4 A working balance of £2m is still forecast for the HRA but the actual amount will not be determined for some months as there remain a number of outstanding financial issues that will need to be addressed post transfer.


General Fund Monitoring Comparison 2008/09 & 2009/10
4,000
3,000
2,000
1,000
0
(1,000)
(2,000)
(3,000)
(4,000)
(5,000)
£'000
May
June
July
August
September
October
November
December
January
February
March
2008/09
Corporate Health Adjustments
2009/10
1% over
2% under

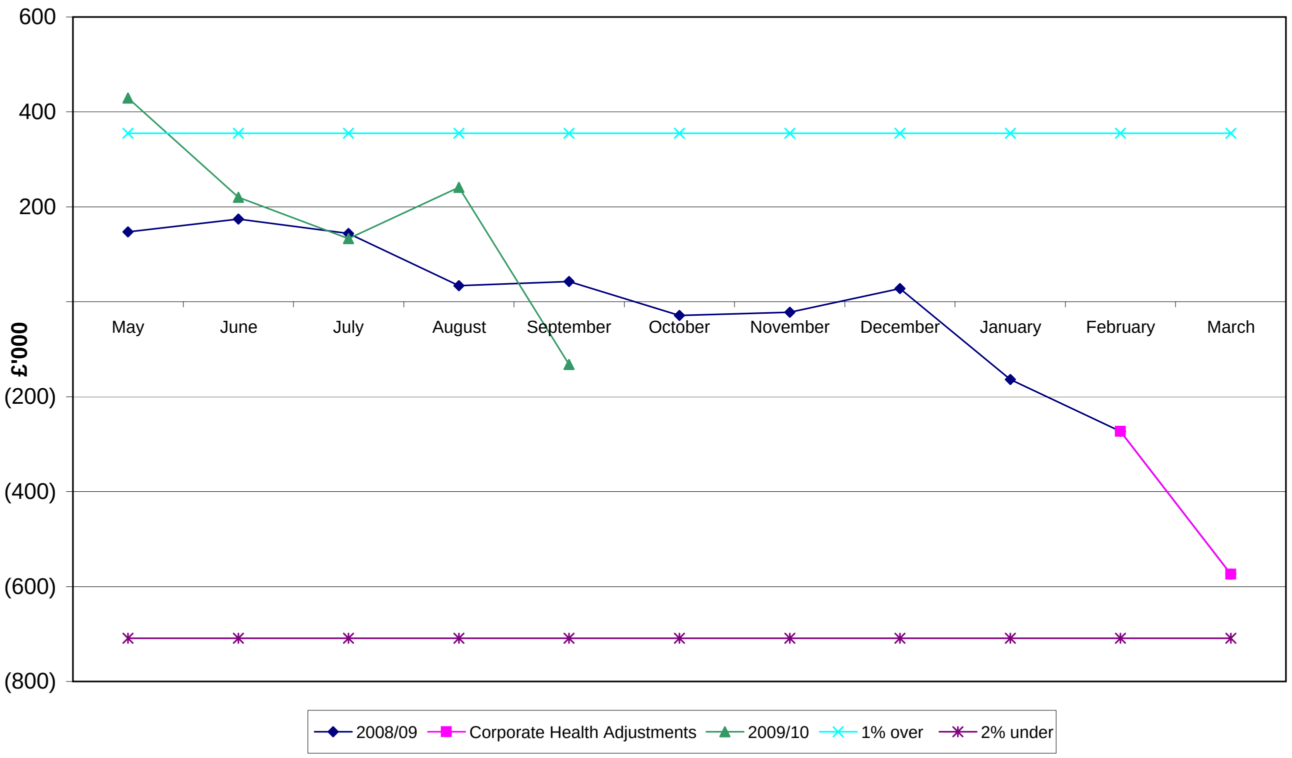

Children's Services Monitoring Comparison 2008/09 & 2009/10
2,000
1,500
1,000
500
0
(500)
(1,000)
(1,500)
£'000
May
June
July
August
September
October
November
December
January
February
March
2008/09
Corporate Health Adjustments
2009/10
1% over
2% under


Community Services Monitoring Comparison 2008/09 & 2009/10
1,500
1,000
500
(500)
(1,000)
(1,500)
(2,000)
(2,500)
£'000
May
June
July
August
September
October
November
December
January
February
March
2008/09
Corporate Health Adjustments
2009/10
1% over
2% under

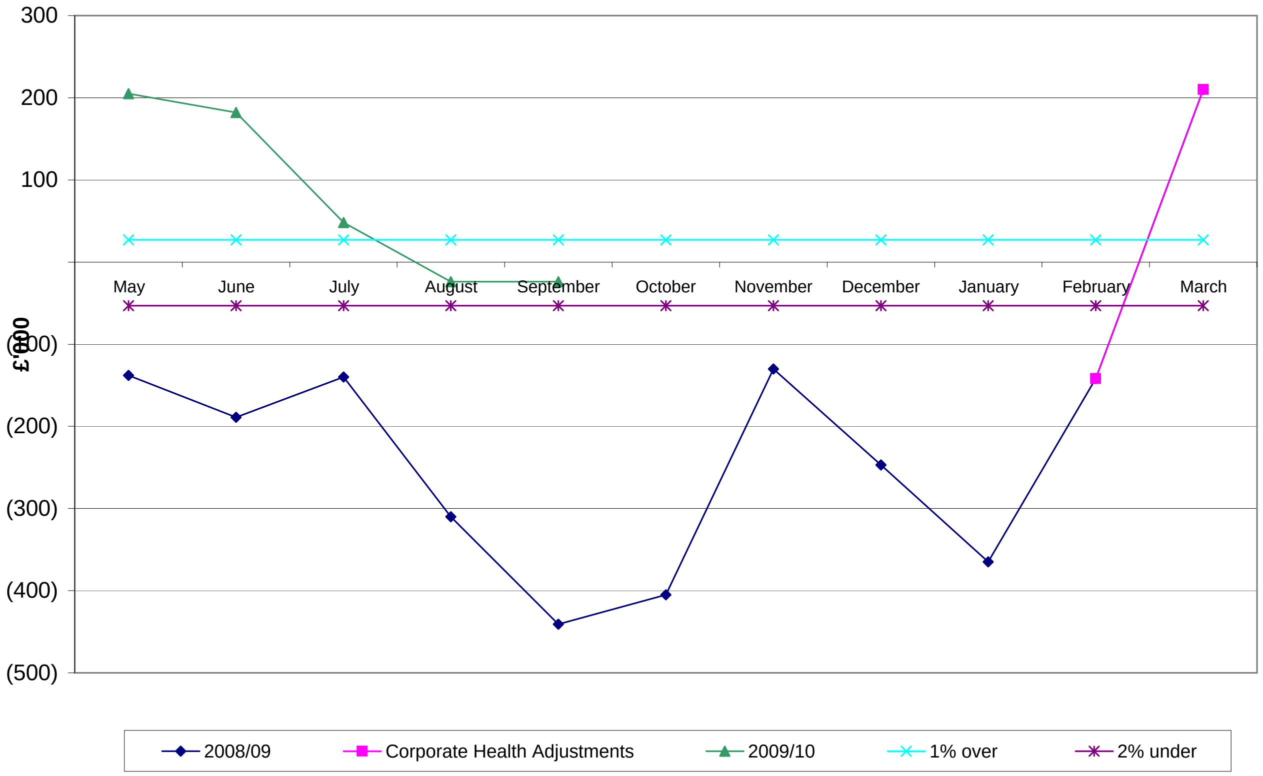
## Development Monitoring Comparison 2008/09 & 2009/10



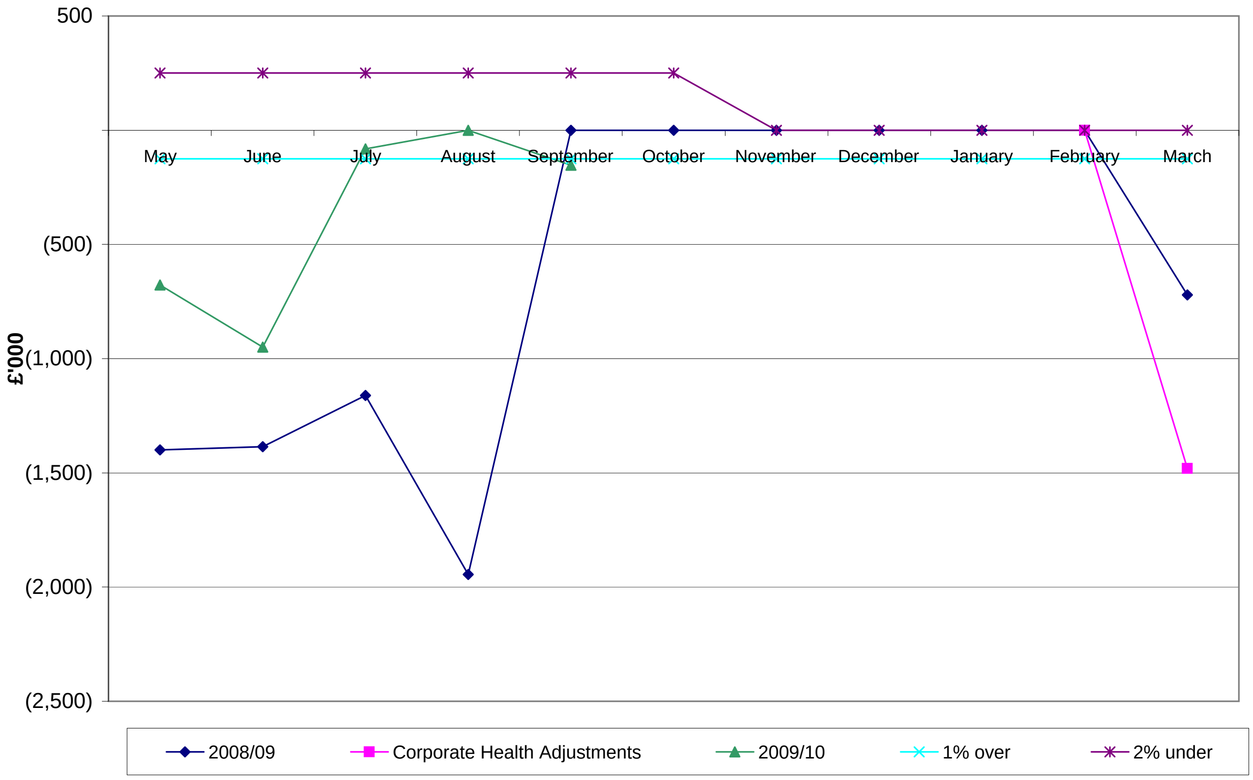

## Corporate Support Monitoring Comparison 2008/09 & 2009/10



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




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



## SUMMARY CAPITAL PROGRAMME - as at 31st September 2009

| | Budget | | | | | | | Financing | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Latest Approved Budget (July) £'000 | New Approvals (August & September) £'000 | Re-Profiling (August & September) £'000 | Virements (August & September) £'000 | Variations (August & September) £'000 | Latest Forecast (September) £'000 | Expenditure £'000 | Capital Receipts £'000 | Unsupported Borrowing £'000 | Supported Borrowing £'000 | Grants, Contributions & Section 106 £'000 | Revenue & Funds £'000 | Total Financing £'000 |
| **Children's Services** | 58,426 | 50 | -1,919 | | 105 | 56,663 | 24,443 | 2,707 | 5,557 | 11,962 | 36,300 | 136 | 56,663 |
| **Community & Neighbourhood** | 11,398 | 43 | -143 | | | 11,299 | 2,038 | 794 | 6,918 | | 3,538 | 48 | 11,299 |
| **Corporate Support** | 1,097 | | | | | 1,097 | 593 | | 2 | | 1,094 | | 1,097 |
| **Development & Regeneration** | 24,417 | 26 | -1,048 | | -22 | 23,373 | 4,019 | 1,023 | 2,724 | 4,600 | 14,703 | 323 | 23,373 |
| **HRA** | 7,761 | 230 | | | | 7,991 | 4,594 | | | 2,076 | | 5,915 | 7,991 |
| **#REF!** | | | | | | | | | | | | | |
| **Grand Total** | **103,098** | **349** | **-3,110** | | **84** | **100,422** | **35,688** | **4,524** | **15,202** | **18,638** | **55,636** | **6,422** | **100,422** |

**Appendix B**

| Directorate | Service | Sub Programme | Latest Forecast - July | New Approval August & September | Re-Profiling August & September | Virements August & September | Variations August & September | Latest Forecast - September | Actuals (accruals basis) | % of LF Spent |
|---|---|---|---|---|---|---|---|---|---|---|
| Children's Services | Completed Programmes: Outstanding Payments | Basic Need | - | - | - | - | - | - | - | |
| | | Emergency Works | - | - | - | - | - | - | (3,356) | |
| | | NOF | 110,000 | - | - | - | - | 110,000 | 382 | 0.35% |
| | | Planned Modernisation | 2,300 | - | - | - | - | 2,300 | 2,026 | 88.09% |
| | | Strategic Projects | - | - | - | 81,688 | - | 81,688 | 42,572 | 52.12% |
| | Condition and School Development Works | Condition Projects | - | - | - | - | - | - | - | |
| | | Condition Works: | 513,251 | - | (18,330) | (106) | 4,570 | 499,385 | 345,342 | 69.15% |
| | | Condition Works: Primary | 58,945 | - | - | - | - | 58,945 | 1,689 | 2.87% |
| | | Condition Works: Special Schools | - | - | - | - | - | - | - | |
| | | Removal of Temporary Classrooms: Primary | 1,000,000 | - | - | - | - | 1,000,000 | 224,571 | 22.46% |
| | | Removal of Temporary Classrooms: Secondary | - | - | - | - | - | - | 6,180 | |
| | | School Development: Primary | 2,253,394 | - | - | (80,000) | - | 2,173,394 | 575,736 | 26.49% |
| | | School Development: Secondary | - | - | - | - | - | - | - | |
| | | School Development: Special Schools | 135,026 | - | - | - | - | 135,026 | 84,162 | 62.33% |
| | | Surestart / Extended Schools / Children's Centres / Families | 722,507 | - | - | - | - | 722,507 | 15,447 | 2.14% |
| | | Sustainability / Carbon Reduction / Spend to Save | 837,640 | - | - | - | - | 837,640 | 350,026 | 41.79% |
| | Devolved Formula Capital | Nursery | 106,340 | - | - | - | - | 106,340 | 12,019 | 11.30% |
| | | Other | 236,144 | - | - | (10,586) | - | 225,558 | 110,629 | 49.05% |
| | | Primary | 1,799,751 | - | (42,464) | (326,679) | - | 1,430,608 | 565,877 | 39.55% |
| | | Secondary | 1,201,974 | - | - | (112,241) | - | 1,089,733 | 315,413 | 28.94% |
| | | Special | 227,063 | - | - | - | - | 227,063 | 50,882 | 22.41% |
| | Devolved Formula Capital Projects | Children's Social Care | - | - | - | - | - | - | - | |
| | | Nursery | 1,038 | - | - | - | 744 | 1,782 | 902 | 50.62% |
| | | Other | 3,212 | - | - | - | - | 3,212 | - | 0.00% |
| | | Primary | 443,777 | - | - | 256,821 | 3,635 | 704,233 | 357,726 | 50.80% |
| | | Secondary | 477,289 | - | - | 59,609 | 48,558 | 585,456 | 353,760 | 60.42% |
| | | Special | 30,102 | - | - | 800 | 5,040 | 35,942 | 16,791 | 46.72% |
| | Focused Work | 14-19 Diploma Gateways & International Baccalaureate | 2,061,990 | - | (80,000) | (30,000) | 32,000 | 1,983,990 | 828,215 | 41.74% |
| | | Condition Bid Programme (formerly Seed) | 1,311,881 | - | - | 12,437 | 130 | 1,324,448 | 637,417 | 48.13% |
| | | ICT Projects | 468,278 | - | - | 45,549 | - | 513,827 | 569,303 | 110.80% |
| | | Reducing Risk Bid Programme (formerly Security) | 237,673 | - | - | - | - | 237,673 | 76,941 | 32.37% |
| | | School Meals | 1,523,551 | - | - | - | - | 1,523,551 | 81,317 | 5.34% |
| | | Surestart / Extended Schools / Children's Centres / Families | 1,817,608 | - | - | 80,000 | - | 1,897,608 | 109,758 | 5.78% |
| | Other Programmes | Other Items | - | - | - | - | - | - | - | |
| | School Led Projects | Basic Need | - | - | - | (81,688) | - | (81,688) | (142,157) | 174.02% |
| | | Children's Social Care | 191,852 | - | - | - | - | 191,852 | 16,587 | 8.65% |
| | | Condition Bid Programme (formerly Seed) | - | - | - | - | - | - | - | |
| | | DDA / Access Bid Programme | 75,000 | - | - | - | - | 75,000 | 10,726 | 14.30% |
| | | Other Items | 826,402 | - | - | - | - | 826,402 | 59,249 | 7.17% |
| | | Reducing Risk Bid Programme (formerly Security) | 1,077 | - | - | 915 | - | 1,992 | 1,992 | 100.02% |
| | | SEN Placement Commitments in Schools | 160,527 | - | - | 15,000 | - | 175,527 | 41,146 | 23.44% |
| | Strategic Programmes | City Development (Section 106 Projects) | 82,193 | - | - | 60,000 | - | 142,193 | 2,535 | 1.78% |
| | | Development Fund | - | - | - | - | - | - | - | |
| | | Diversity | - | - | - | - | - | - | - | |

Appendix B

| Directorate | Service | Sub Programme | Latest Forecast - July | New Approval August & September | Re-Profiling August & September | Virements August & September | Variations August & September | Latest Forecast - September | Actuals (accruals basis) | % of LF Spent |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Expanding Popular Schools | 212,500 | - | - | - | - | 212,500 | 1,983 | 0.93% |
| | | Localities | - | - | - | - | - | - | - | |
| | | Multi-Agency Working | 100,000 | - | - | - | - | 100,000 | 7,047 | 7.05% |

**Appendix B**

| Directorate | Service | Sub Programme | Latest Forecast - July | New Approval August & September | Re-Profiling August & September | Virements August & September | Variations August & September | Latest Forecast - September | Actuals (accruals basis) | % of LF Spent |
|---|---|---|---|---|---|---|---|---|---|---|
| | | PFI | 2,761,427 | - | - | - | - | 2,761,427 | 2,731,623 | 98.92% |
| | | Primary Capital Programme | 19,547,441 | - | (1,777,952) | - | - | 17,769,489 | 11,286,380 | 63.52% |
| | | School Development: Secondary | 935,553 | 50,000 | - | 10,981 | (25,000) | 971,534 | 300,601 | 30.94% |
| | | Secondary Development / BSF | 14,247,527 | - | - | - | - | 14,247,527 | 4,160,684 | 29.20% |
| | | Special Education Needs and Inclusion | 1,504,612 | - | - | 17,500 | - | 1,522,112 | 184,157 | 12.10% |
| | | Tuition Service | - | - | - | - | - | - | - | |
| | | Youth / Adult Learning | 199,164 | - | - | - | 35,706 | 234,870 | 49,114 | 20.91% |
| Children's Services Total | | | 58,426,009 | 50,000 | (1,918,746) | - | 105,383 | 56,662,646 | 24,443,396 | 43.14% |

**Appendix B**

| Directorate | Service | Sub Programme | Latest Forecast - July | New Approval August & September | Re-Profiling August & September | Virements August & September | Variations August & September | Latest Forecast - September | Actuals (accruals basis) | % of LF Spent |
|---|---|---|---|---|---|---|---|---|---|---|
| Development & Regeneration | Local Transport Plan | Capital Maintenance | 1,572,150 | - | - | (134,000) | - | 1,438,150 | (25,089) | -1.74% |
| | | Demand Management | 574,986 | - | - | 25,946 | (21,636) | 579,296 | 165,532 | 28.57% |
| | | Developer Contribution | - | - | - | - | - | - | - | |
| | | Dft settlement not yet allocated | (38,165) | - | - | 65,019 | - | 26,854 | 6,510 | 24.24% |
| | | Northern Corridor | 735,843 | - | - | - | - | 735,843 | 310,219 | 42.16% |
| | | Public Transport | 1,881,886 | - | - | 101,000 | (5,000) | 1,977,886 | 203,307 | 10.28% |
| | | Regeneration & Urban Renewal | - | - | - | - | - | - | - | |
| | | Road Safety | 205,726 | - | - | (3,000) | - | 202,726 | 48,302 | 23.83% |
| | | Safety Camera Partnership | 97,748 | - | - | - | - | 97,748 | 2,531 | 2.59% |
| | | Walking & Cycling | 866,332 | - | - | (55,965) | - | 810,367 | 254,394 | 31.39% |
| | Planning | Planning | 431,800 | - | - | - | - | 431,800 | 1,202 | 0.28% |
| | Transport - Development Projects | Alleygates | 5,676 | - | - | - | 10,250 | 15,926 | 1,676 | 10.52% |
| | | Barbican Landing Stage | 12,302 | - | - | - | - | 12,302 | (24,243) | -197.07% |
| | | Cumberland Gardens | 370,000 | - | - | - | - | 370,000 | 12,709 | 3.43% |
| | | Granby Green | 54,095 | - | - | - | - | 54,095 | 47,354 | 87.54% |
| | | Parks | 1,538,051 | - | - | - | - | 1,538,051 | 153,388 | 9.97% |
| | | Plymouth Gateway | 162,230 | - | - | - | - | 162,230 | - | 0.00% |
| | | Stonehouse Regeneration | - | - | - | - | - | - | (12,897) | |
| | Transport - Non LTP | Eastern Corridor | 2,123,629 | - | - | 1,000 | (1,000) | 2,123,629 | - | 0.00% |
| | | Other | 400,000 | - | - | - | - | 400,000 | - | 0.00% |
| | | West End | 2,927,625 | - | - | - | - | 2,927,625 | 1,376,458 | 47.02% |
| | Property & Economic Development | Commercial Developments | 718,690 | - | (100,000) | - | - | 618,690 | 6,434 | 1.04% |
| | | Corporate Real Estate | 1,292,977 | - | 17,700 | - | - | 1,310,677 | 466,265 | 35.57% |
| | | Parks | - | - | - | - | - | - | - | |
| | Strategic Housing | Disabled Adaptations | - | - | - | - | - | - | - | |
| | | HECA Programme Private Sector | 417,717 | - | - | - | - | 417,717 | 83,929 | 20.09% |
| | | Misc Schemes | 100,000 | - | - | - | - | 100,000 | - | 0.00% |
| | | Partnership & Affordable Housing | 338,309 | 26,000 | - | - | - | 364,309 | 739 | 0.20% |
| | | Private Sector Grants | 2,360,028 | - | - | - | - | 2,360,028 | 1,089,963 | 46.18% |
| | | Private Sector Regeneration | 315,663 | - | - | - | - | 315,663 | 10,854 | 3.44% |
| | Environmental Services | Recycling | 851,725 | - | (766,000) | - | - | 85,725 | - | 0.00% |
| | | Waste | 4,099,760 | - | (200,153) | - | (4,317) | 3,895,290 | (160,054) | -4.11% |
| Development & Regeneration Total | | | 24,416,783 | 26,000 | (1,048,453) | - | (21,703) | 23,372,627 | 4,019,482 | 17.20% |

**Appendix B**

| Directorate | Service | Sub Programme | Latest Forecast - July | New Approval August & September | Re-Profiling August & September | Virements August & September | Variations August & September | Latest Forecast - September | Actuals (accruals basis) | % of LF Spent |
|---|---|---|---|---|---|---|---|---|---|---|
| Community & Neighbourhood | Leisure Culture & Sport | Central Park | 7,607,103 | - | - | - | - | 7,607,103 | 1,150,752 | 15.13% |
| | | Libraries | 829,396 | - | - | - | - | 829,396 | 80,414 | 9.70% |
| | | Mount Edgcumbe | 307,011 | - | - | - | - | 307,011 | 157,059 | 51.16% |
| | | Museums | - | - | - | - | - | - | 40,693 | |
| | | Other Leisure | - | - | - | - | - | - | - | |
| | | Plymouth Leisure | 1,026,560 | - | - | - | - | 1,026,560 | 400,651 | 39.03% |
| | Adult Health & Social Care | Community Care | 576,398 | - | - | - | - | 576,398 | 141,647 | 24.57% |
| | | Drug Users in Treatment Programmes | - | - | - | - | - | - | - | |
| | Environmental Services | Environmental & Regulatory | 142,500 | - | (142,500) | - | - | - | - | |
| | | LPSA | - | - | - | - | - | - | - | |
| | | Parks | 324,416 | 43,441 | - | - | - | 367,857 | 57,853 | 15.73% |
| | | Vehicle Purchases | 584,361 | - | - | - | - | 584,361 | 9,056 | 1.55% |
| Community & Neighbourhood Total | | | 11,397,745 | 43,441 | (142,500) | - | - | 11,298,686 | 2,038,124 | 18.04% |

**Appendix B**

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|---|---|---|---|---|---|---|---|---|---|---|
| Corporate Support | Human Resources | Human Resources | 6,745 | - | - | - | - | 6,745 | - | 0.00% |
| | Information Systems | Information Systems | 1,087,495 | - | - | - | - | 1,087,495 | 593,478 | 54.57% |
| | Legal Services | Legal Services | 2,497 | - | - | - | - | 2,497 | - | 0.00% |
| Corporate Support Total | | | 1,096,737 | - | - | - | - | 1,096,737 | 593,478 | 54.11% |

**Appendix B**

| Directorate | Service | Sub Programme | Latest Forecast - July | New Approval August & September | Re-Profiling August & September | Virements August & September | Variations August & September | Latest Forecast - September | Actuals (accruals basis) | % of LF Spent |
|---|---|---|---|---|---|---|---|---|---|---|
| HRA | Housing Revenue Account | Decency Standards | 4,555,583 | 160,000 | - | 35,000 | - | 4,750,583 | 3,149,148 | 66.29% |
| | | Devonport | 1,322,870 | - | - | - | - | 1,322,870 | 164,293 | 12.42% |
| | | Disabled Adaptations | 451,413 | - | - | (50,000) | - | 401,413 | 295,033 | 73.50% |
| | | HRA Capitalised Salaries | 520,034 | - | - | - | - | 520,034 | 482,889 | 92.86% |
| | | Major Repairs | 910,918 | 70,000 | - | 15,000 | - | 995,918 | 502,263 | 50.43% |
| HRA Total | | | 7,760,818 | 230,000 | - | - | - | 7,990,818 | 4,593,626 | 57.49% |
| Grand Total | | | 103,098,092 | 349,441 | (3,109,699) | - | 83,680 | 100,421,514 | 35,688,105 | 35.54% |

**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** | (851) | 851 | **0** | Represents Accumulated trading surplus |
| **On Street Parking** | **0** | (1,261) | 1,261 | **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 to provide for future maintenance over a period of years |
| **Education Carry Forwards** | **(3,207)** | (1,535) | 3,073 | **(1,669)** | Schools ringfenced resources mainly from grants |
| **Taxis** | **131** | (25) | 0 | **106** | Represents Accumulated trading deficit |
| **Street Trading** | **(104)** | 0 | 0 | **(104)** | Represents Accumulated trading surplus |
| **Land Charges Development Fund** | **(54)** | (35) | 35 | **(54)** | To fund improvements in the LLC service |
| **Accommodation Reserve** | **(1,262)** | (550) | 250 | **(1,562)** | To meet costs of repairs to Office Accommodation, and submission of planning applications for Civic and new office accommodation. |
| **Insurance Reserve** | **(1,429)** | 0 | 350 | **(1,079)** | To meet any unforseen/increased costs of insurance claims or works to minimise insurance risk . Expenditure anticipated re almshouses |
| **Carry Forwards** | **(3,856)** | 0 | 2,156 | **(1,700)** | Reserve 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 but may be supplemented as part of Closedown following assesment of future risks and budget pressures. reserve includes the JE appeals contingency of £2.1m. £1.399m anticipated as remaining at year end |
| **Redundancies** | **(1,133)** | 0 | 1,133 | **0** | To meet costs of redundancies in 2009/10 |
| **DRCP Freedom and Flexibility 07/08 reserve** | **(1,145)** | 0 | 0 | **(1,145)** | Reserve set aside to meet future expenditure in Devonport, in lieu of grant funding in 2007/08. Approval to slip into 2010/11. |
| **Corporate Improvement Reserve** | **(3,836)** | (576) | 3,662 | **(750)** | 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. Anticipated will be required in 2010/11 and 2011/12 |
| **Waste Balancing Reserve** | **(750)** | (350) | 0 | **(1,100)** | Reserve set up to proactively 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 | 0 | **(350)** | To meet costs of equal pay claims submitted after1 April 2008 onwards |
| **Strategy for Change (BSF)** | **(250)** | (100) | 350 | **0** | To support the cost of submitting our BSF bid continuing the priority of providing high quality learning environments |
| **Iceland Bank** | **(281)** | (24) | 0 | **(305)** | Allowance for investment losses of the money invested in the Icelandic banks. Approved transfer to reserve of interest receivable under divident repayments |
| **Urban Enterprise Fund** | **(1,000)** | 0 | 674 | **(326)** | Match funding to ensure that Plymouth gains access to the European funding available to the region to support Urban Enterprise |
| **Other Reserves** | **(663)** | (92) | 295 | **(460)** | as required to meet specific policy commitments |
| **Sub Total** | **(23,631)** | **(5,629)** | **15,077** | **(14,183)** | |
| **Working Balance** | **(11,739)** | **(128)** | **350** | **(11,517)** | General Balance available to meet unforseen expenditure. This balance represents 6% of net revenue expenditure and is in line with Unitary Council averages |
| | **(35,370)** | **(5,757)** | **15,427** | **(25,700)** | |

**( ) Means favourable**

Appendix D

## Position on Provisions as at 30 September 2009

| Provision | Balance at 31/03/09 | *Provisions made in year* | *Provisions used in year* | Balance at 31/03/10 |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| **General Provisions** | | | | |
| Provision for Repayment of Grant | (337) | 0 | 0 | (337) |
| JE back dated appeals/Pay increase | (300) | 0 | 300 | 0 |
| Backdated equal pay* | (3,330) | 0 | | (3,330) |
| Provision For Remedial Work DSD | (51) | 0 | 0 | (51) |
| Provision For Cyclical Repairs | (8) | (1) | 0 | (9) |
| s117 Refunds | (347) | 0 | 347 | 0 |
| Repaid Renovation Grants | (18) | (2) | 1 | (19) |
| Plymouth Pavilions | (80) | 0 | 80 | 0 |
| HRA Gas Servicing Ex-Gratia Payments | (1,786) | 0 | 1,786 | 0 |
| **Sub Total:** | **(6,259)** | **(3)** | **2,515** | **(3,747)** |
| **Insurance provisions** | | 0 | 0 | |
| Accident Fund | (1,831) | (630) | 315 | (2,146) |
| Insurance Public Liability Fund | (2,905) | (1,208) | 752 | (3,361) |
| Insurance Computer Fund | 0 | 0 | 0 | 0 |
| Insurance Property Fund | (192) | (173) | 94 | (271) |
| Money Fidelity and All Risks Policy | 0 | 0 | (15) | (15) |
| Balance of Risk for School | (132) | 0 | 16 | (116) |
| DCC Insurance Fund Provision | (152) | 0 | 0 | (152) |
| Insurance Public Liability HRA | (366) | (100) | 100 | (366) |
| **Sub Total Insurance Provisions:** | **(5,579)** | **(2,110)** | **1,263** | **(6,426)** |
| **Total Provisions** | **(11,838)** | **(2,113)** | **3,778** | **(10,173)** |
| **Total provision for bad debt** | **(5,505)** | **(687)** | **790** | **(5,402)** |

*** Note** £1.842m added to provision in 2008/09 in line with statutory accounting requirements. This amount is offset by a negative 'backdated equal pay' reserve of £1.842m. This amount will not be charged to the reveune budget until actual payments are made. This differs from the treatment of all other reserves which are required to be charged to revenue when the provision is set up and/or transfers to the provision are made.