

CITY OF PLYMOUTH

Subject: 2010/11 Budget (Revenue & Capital)

Committee: Cabinet
Overview & Scrutiny Management Board
City Council

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- 15 & 17 February 2010

Cabinet Member: Councillor Bowyer

CMT Member: Director for Corporate Support

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Executive Summary:

The purpose of this report is to consider Plymouth City Council's 2010/11 Revenue and Capital budget and its impact on the Council Tax and the Medium Term Financial Strategy. The budget brings together the elements of the Council's income and expenditure strategy, detailed by each department, together with its Capital strategy. The two areas have been brought together in this one report to ensure the inter-relationship between them is clearly documented. It also reviews the impact of these plans on future years, the Medium Term Financial Strategy.

Corporate Plan 2010-2013

The budget is central to the successful delivery of the Corporate Plan, which is also being presented for consideration and approval.

Implications for Medium Term Financial plan and Resource Implications: including Finance, Human Resources, IT and land

Once approved the 2010/11 budget will become the base year for the Medium Term Financial Strategy.

Other implications: e.g. Section 17 Community Safety, health and Safety, Risk Management, Equalities Impact Assessment, etc.

Not applicable

Recommendations & Reasons for recommended action:

1. To recommend the proposed target budget requirement for 2010/11 to Council, subject to the consultation and scrutiny process;
 2. To request Officers to identify further savings in advance of the 1 March 2010 Council meeting to arrive at the required budget requirement;
 3. It is recommended to approve that the previously ring-fenced capital receipt of £4.4 million be transferred to general capital receipt fund.
 4. It is recommended that officers continue to develop delivery plans to address the funding pressures faced for 2011/12 and beyond.
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Alternative options considered and reasons for recommended action:

Statutory requirement under Section 33 Local Government Finance Act 1992 for the Council to produce and deliver a balanced budget; to set a Council tax; and to approve the Treasury Management Strategy.

Background papers:

- Finance Settlement Papers Department of Communities and Local Government (CLG)
 - The Prudential Code for Capital Finance in Local Authorities
 - The Local Government Act 2003 and The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
 - 2010/11 Budget / Prudential Code Working Papers
 - Medium Term Financial Forecast Capital Programme
 - Capital Financing Regulations
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Sign off

Head of Fin	AB CorpF900 012	Head of Leg	DVS 1096	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating SMT Member Malcolm Coe											

1. Introduction and Contents

- 1.1. This report is part of the suite of strategic corporate planning documents. It details how the Council has allocated its revenue and capital resources across departments and priority areas for 2010/11 to improve outcomes for local people. It is fully linked and underpins the Council's Corporate Plan 2010-13..
- 1.2. The proposed 2010/11 budget needs to be considered in the context of The Local Government Act 2003 Section 25 which places responsibilities on the Chief Finance Officer to report to Members on both the robustness of estimates and the adequacy of reserves, as outlined in Appendix A.
- 1.3. Funding allocations are made within the framework of the Council's Medium Term Financial Strategy, (MTFS), which sets targets and principles for setting three year revenue budgets and five year rolling capital budgets. As in previous years, the MTFS will be revised, updated, and published, in March 2010 upon approval of the 2010/11 budget and formal approval of the Council Tax.
- 1.4. The Council's revised Treasury Management Strategy is presented as a separate report to this cabinet. This strategy has been updated upon advice and input from our Treasury Management advisors, Arlingclose, and following comment and input from elected members who contributed to an externally facilitated training workshop in January 2010.
- 1.5. Appendices to this report provide the main detail, risk management and delivery plans that underpin the 2010/11 budgets:

Appendix A	Local Government Act 2003, Section 25 Section 1: Analysis of Budget Robustness Section 2: Adequacy of Reserves
Appendix B	Net Spending Plans and Analysis of Gross Expenditure
Appendix C	Departmental Delivery Plans
Appendix D	Capital Investment Programme 2010/11 to 2014/15
Appendix E	Finance Settlement & Specific Grants Analysis

- 1.6. The main core of this report is a commentary to the appendices from each department which describes departmental context, progress and investment against Corporate Improvement Priorities, challenges and pressures faced and a summary of what the department intends to do differently in 2010/11.

2. Executive Summary

- 2.1 This is a new combined revenue and capital budget report setting out the City Council's 2010/11 income and expenditure.

2.2 Building on solid foundations

- 2.2.1 Plymouth City Council has continued to make tangible improvements to client facing services whilst driving efficiencies throughout 2009/10. For example, we have:

- Successfully transferred our housing stock to Plymouth Community Homes which will unlock investment of £162m to significantly improve the quality and standard of 15,000 households in Plymouth;
- Reviewed and implemented a new waste collection service, putting significant investment into new vehicles and revising the collection zones;
- Significantly improved adult social care services, successfully obtaining a 3* rating from our external regulators, Care Quality Commission (CQC);
- Improved the cleanliness of our streets and, in partnership, improved community safety;
- Continued to invest in major capital schemes to improve regeneration and facilities in the community;
- Achieved an Organisational Assessment of 3 (out of 4) under the new Comprehensive Area Assessment framework;
- Achieved a “Green Flag” for the quality of our partnership working under the new CAA framework;

2.3 Future revenue outlook

- 2.3.1 The City Council, like everyone else, finds itself operating in the midst of a serious, unprecedented economic downturn. The Government borrowing for 2009/10 is forecast at circa £178billion; there will be a General Election in 2010 bringing a possible emergency budget and we know that local government funding will reduce for the foreseeable future.
- 2.3.2. The current economy is causing significant budget pressures, as we experience the impact of reduced income from our car parks reflecting reduced trading activity; there is a significant drop in income from commercial rent as businesses close and vacate premises. The downturn has also brought reduced interest rates and therefore reduced income for our treasury investments.
- 2.3.3. As well as reduced income, the economy has brought further pressure on the Council due to the increased demand from areas such as Housing Benefits. We have to manage the pressures of increased numbers of looked after children, whilst managing the demographic growth and the demands of investing in services for adults. As people live longer, so the demand on Council resources increases. We must also proactively manage the shortfall in our pension funding.
- 2.3.4. However, we continue to be ambitious with our future plans. We have successfully been accepted as part of England’s 2018 World Cup bid which has the potential for unlocking millions of pounds of economic benefit to the area. We have also taken the first steps towards our Building Schools for the Future programme which will not only deliver a mixture of new and significant enhancements to five existing schools, but will be important building blocks in our vision for the City. Likewise, the build of the Life Centre will generate significant benefits to the residents of Plymouth. Such projects demonstrate our determination to press on with the regeneration and economic growth of the City in order to achieve our long term vision, meeting long term growth aspirations of 50,000 increased population and more than 40,000 new jobs.
- 2.3.5. Our use of resources has seen an overall CAA score of `3’ for Organisational Assessment, and we are considered strong for `Managing Finances’. We have understood the challenge to allocate our resources to priorities, which means

spending money where it is most needed on providing the best services to our customers, and reducing the spend on the support functions.

3. Revenue Resources and prioritisation:

- 3.1. Our resource assumptions through to 2012/13 reflect expected formula grant reductions for 2011/12 and 2012/13 which is unprecedented in terms of local authority funding to date.

Funding Source	2010/11 £000	2011/12 £000	2012/13 £000
Revenue Resources	201,825	202,692	203,756

Note 1. The council tax level for 2010/11 will be finalised at full Council on March 2010.

Note 2. Grant funding for 2011/12 (and potentially 2010/11) will be subject to the new Government spending plans for 2011/12 to 2013/14.

- 3.2. We are used to getting in the region of a £6m year on year increase in revenue funding, to fund pay increases, general inflation costs, and the ever increasing demands on our services. Every 1% Council Tax rise generally adds revenue of approx. £950k, and a 1% drop in Formula Grant represents a reduction of £1.06m. For 2010/11, we will receive a 2.5% increase in our formula grant, providing us with additional net revenue funding of £5.3m compared to our 2009/10 budget base.

- 3.3. We continue the drive to reduce spend in back office support functions and allocate resources to improving front line service delivery. Through careful prioritisation, we have allocated additional funding to the following areas for 2010/11:

- Children's Social Care;
- Social Care for Adults;
- Developing Building Schools for the Future;
- Revenue funding to enable the delivery of our capital investment programme;
- Maintaining the local economy / strategic regeneration;
- Strategic Housing activities;
- Providing free swimming in the City for under 16 year olds

- 3.4. We have also invested additional funding into areas that will drive organisational efficiencies such as:

- Developing the Care First system to improve our management of client information;
- Improving the quality of our asset base through investment in preventative maintenance;
- Preparing for further organisational change during 2010/11
- Preparing for new International Financial Reporting Standards legislation to improve the transparency of our financial reporting;

- 3.5. Our prioritised allocation of revenue resources is summarised in the following table which shows the variances in departmental budgets from 2009/10 to 2010/11:

	2009/10 Budget £000 *	2010/11 £000 *	Variance £000	% 'age variance
Children & Young People	51,049	52,761	1,712	3.4%
Community Services	109,889	112,856	2,967	2.7%
Development & Regeneration	15,412	16,169	757	4.9%
Corporate Support	33,044	32,359	(685)	(2.1%)
Chief Executives	2,046	1,880	(166)	(8.1%)
Corporate Items	(14,915)	(13,700)	1,215	8.1%
Totals:	196,525	202,325	5,800	2.9%

* Budget figures adjusted for the net impact of Housing Stock Transfer and Job Evaluation.

- 3.6. A more detailed analysis of gross spend and income budgets at Service level within each department is shown as Appendix B to this report.
- 3.7. The spending plans as outlined above currently exceed forecast resources. Officers will continue to work on the budget projections in order to bring spending plans back to match resources, with final amendments reported to Council at its meeting on 1 March 2010.

4. Capital Resources and Prioritisation

- 4.1. We have an ambitious agenda as we seek to meet the requirements of the community whilst at the same time moving towards our internal goal to be an excellent Council by 2012. We anticipate that central Government will reduce Capital Grant funding whilst Regional Development Agency (RDA) and other grants are also reducing. Together with continuing uncertainty surrounding our ability to generate capital receipts, we must be more specific with our capital spend and target fewer, more strategic schemes.
- 4.2. We have adopted the principle that schemes are only approved into the capital programme where specific funding has been clearly identified with a supporting business case. The proposed capital programme for 2010/11 to 2014/15 is £267m. The Capital Programme is still substantial and includes headline strategic projects such as the Life Centre, capital investment in Schools, waste disposal improvements, and major transport improvements.

4.3. A summary of capital spend by department, based on known resources at this point in time, is shown in the following table:

Directorate	09/10 £000	10/11 £000	11/12 £000	12/13 £000	13/14 £000	14/15 £000	Total £000
Children's Services	53,770	34,641	17,391	15,052	-	-	120,854
Community & Neighbourhood	6,630	29,237	13,242	271	-	-	49,380
Development & Regeneration	21,189	28,939	13,549	6,221	6,535	7,656	84,089
Corporate Support	2,441	500	1000	500	500	-	4,941
HRA	7,991	0	0	0	0	0	7,991
Total	92,021	93,317	45,182	22,044	7,035	7,656	267,255

4.4. The programme in later years only reflects where the Council has been given indicative funding allocations, for example the Local Transport Plan. As and when further grant funding streams are confirmed, they will be added to the programme. A more detailed analysis of capital spend projects is shown as Appendix D. A full list of each individual planned capital project within this six year programme is available on request.

4.5. Funding of our capital investment programme is risk assessed and monitored on a regular basis with schemes carefully prioritised against resources available. Our summary funding profile for the five year programme is as follows:

Directorate	Capital Receipts £000	Unsupp Borrowing £000	Supported Borrowing £000	Total Grants £000	Sum of Contribs £000	Section 106 £000	Revenue & Funds £000	Total Financing £000
Children's Services	4,807	8,840	16,978	89,221	479	391	138	120,854
Community & Neighbourhood	14,606	20,367	4,650	6,964	2,253	431	109	49,380
Development & Regeneration	7,115	3,766	29,063	33,871	1,708	8,143	423	84,089
Corporate Support	1,831	71		2,840		26	173	4,941
HRA Total			2,076				5,915	7,991
Grand Total	28,359	33,044	52,767	132,896	4,440	8,991	6,758	267,255

4.6. There is considerable uncertainty around potential capital receipts, particularly around the timing of when they will be received, due to falling property values. There is also uncertainty around how a future government might impact on existing capital allocations and match funding opportunities. The Council needs to be re-shaped and modernised and to do this, needs to adopt an invest to save principle for capital investment whereby projects will be considered for capital

funding based upon submitted business cases with the initial capital repaid from savings made. To this end plans will be brought forward over the next 18 months as the national picture and economy becomes clear.

- 4.7. To further address the potential shortfall in capital receipts, it is recommended to transfer the previously negotiated capital receipt from the re-gearing of the City centre commercial leases, £4.4 million, into the capital receipts fund. This money was previously invested to produce a revenue income, and the impact of this proposal has been addressed in the revenue budget.
- 4.8. The Capital programme cannot be considered in isolation from the revenue budget. The current programme has to be partly funded by borrowings. The current projections assume Supported Borrowing standing at £52.8, with Unsupported Borrowing of £33.1m. The Council has to be aware that with current long term borrowing interest rates around 4.5%, each £1m of borrowing impacts the revenue budget with an annual cost of approx £85k. For financial year 2010/11 we are aiming to minimise borrowing costs by using short-term borrowing and/or cashflow and reserves. However, investment for future years will require long term borrowing.
- 4.9. The current capital programme figures do not include the allocation for Building Schools for the Future (BSF) of an estimated £80m. At this stage the Department for Communities and Local Government (DCLG) has approved the Council's entry into the BSF programme and the Council are awaiting a 'remit' meeting imminently. When the Council is awarded its final funding allocation, which is likely to be a mixture of revenue PFI credits and capital grant, BSF will be incorporated in the Council's capital programme.
- 4.10. The Council completed the transfer of its housing stock to Plymouth Community Homes (PCH) in November 2009. This will enable over £162m in government support to be drawn down to improve the stock in the public sector to the decency standard and redevelopment of North Prospect. This is a significant sum that does not feature directly in the Council's capital programme but should nevertheless not be forgotten. The Council remains responsible for ensuring PCH deliver on the transfer promises. This is far in excess of the amounts the Council could have supported directly through its capital programme.
- 4.11. The Citybus receipt of £19.6m is, at this stage, not included in the financing for any of the capital programme and is being invested in line with our Treasury Management Strategy. Its potential use will be considered in the future in line with the need to invest in strategic priorities and 'invest to save' business cases.
- 4.12. The capital programme needs to retain some flexibility to incorporate any priority "invest to save" business cases and emergency items not known at this stage, for example, health and safety issues.
- 4.13. Further options for capital funding may arise through the VAT shelter monies from the transfer of housing stock though this is subject to further negotiations with DCLG.

5. Value for Money & Efficiencies

- 5.1. The Council does have a good track record in delivering efficiency savings, achieving total savings of £19.786m against a target set under Spending Review 2004 (SR04) of £16.358m.
- 5.2. The Government has set an ambitious Value for Money (VFM) programme under Comprehensive Spending Review (CSR) 07 with a requirement that local authorities achieve cashable efficiency savings of 4% per annum. To meet this target, Plymouth will need to find efficiencies totalling £24.5m cumulative by the end of 2010/11, of which £7.3m had been identified as at October 2009.
- 5.3. The importance of VFM to the Council is reflected in the corporate improvement priority, (CIP) 14 – Providing Better Value for Money.
- 5.4. The Council is committed to undertaking an annual benchmarking review of all services looking at performance and budgets using the Audit Commission analysis and Government Revenue Estimate (RA) Return form.
- 5.5. Departments are set VFM targets and develop budget delivery plans taking into consideration high cost and/or low performing services as determined through benchmarking. For example, the planning service successfully achieved a VFM target of £750k in 2009/10 whilst retaining and improving service quality.
- 5.6. Many of the Departmental budget delivery plans, as detailed in Appendix C, will generate the efficiencies that are required to achieve our cumulative target. Each department will adopt a VFM/Efficiency plan which will be supported by staff from the corporate centre and form part of regular bi-monthly performance and finance reporting, to maintain or improve performance.

6. Departmental prioritisation and spending plans

- 6.1. The Council has a strategic approach to allocating its limited revenue and capital resources across departments based on clear prioritisation and a need to deliver tangible improvements against the Corporate Improvement Priorities.
- 6.2. Within this corporate framework, each department continues to focus on improving front line service delivery and drive efficiencies whilst tackling challenges and funding pressures through additional service demand. This section summarises the strategic direction that each department is adopting and plans that it will put in place to deliver improved services within the available budget.
- 6.3. Appendix C details the key delivery plans that the Council is adopting through the 2010/11 budget setting process. Progress against these plans will be incorporated within regular bi-monthly performance and budget reporting, and robustly supported by the centre of the organisation..

6.4 Children's Services

6.4.1 Context

- 6.4.1.1 The department remained largely unchanged following the Council's Management restructure. The main areas covered by this department are support to schools, childrens social care, learner and family support and lifelong learning. The department continues to focus on integrating services within the council and the wider context of the Children's Trust to address the key requirements of the Every Child Matters agenda. We do this through locality working, prioritising early intervention and preventative measures to avoid risk of escalation into specialist provision. The Integrated Disability Service (IDS) remains a high government profile/priority. Throughout the service increasing numbers of children with complex needs not only have direct cost implications but have an impact on other budgets e.g. transport and statementing. There are a number of areas where statutory work is required e.g. timescales for statementing, admissions and school meals. Narrowing the gap in educational and health inequalities remains a key priority and achievement in the city remains too low.
- 6.4.1.2 The Children and Young People's department is heavily reliant on targeted income through a variety of grant sources to help to deliver the challenging agenda. In this period of financial uncertainty it must be recognised that there are many areas where the responsibility to deliver will continue e.g. National Strategies to raise educational attainment, even if the funding source diminishes/ceases.
- 6.4.1.3 There are a number of issues in social care including social work capacity challenges arising from the Laming recommendations in respect of statutory case loads, workforce development and the requirement for an effective Care First system. The Southwark judgement has placed a new responsibility on the council to provide additional services for 16/17 year olds until the age of 25.
- 6.4.1.4 The delivery of Building Schools for the Future investment which is part of CIP 9 is an opportunity that will realise substantial benefits to the city. However the complex legal and procurement processes combined with the wide stakeholder involvement and long term risk makes the investment delivery resource heavy.

6.4.2 Progress on Corporate Improvement Priorities

- **CIP 7: Keeping Children Safe**
We have delivered significant improvements in this area and a number of high profile incidents, inspection findings and serious case reviews have maintained the focus in this area. Early intervention support and progress with the CAF (Common Assessment Framework) to minimise the number of children being placed on the child protection register continues.
- **CIP 8: Improving skills and educational attainment**
Attainment in the past year has risen at Key Stages 1, 3 & 4 however Key Stage 2 remains an area where further improvement is required. The latest performance tables show the city making good progress across all Key Stages in narrowing the gap between achievements in different parts of the City.
- **CIP 9: Developing High Quality places to learn in**

Despite the difficult and uncertain economic climate, significant progress against CIP 9 has been made. The Council has opened a number of new schools in the past 12 months and contracts are in place for this to continue into 2012. In 2009 the Council received approval to further BSF investment that will secure a new tranche of investment to continue the current pace of delivery

6.4.3 Changes in resource allocation (revenue & capital)

6.4.3.1 The Council and Schools Forum have identified resources that equate to approximately £1.5m in 2010-11 for the delivery of BSF. This has been achieved through a combination of revenue set aside from 2009-10, additional investment through Council reprioritisation and internal resources. All capital resources necessary for the delivery of CIP 9 in 2010-11 are identified and allocated in the capital programme.

6.4.3.2 Additional service demand and progress against CIP's will be achieved through service realignment in line with national policy and our own Council priorities. We are working, together with our Children's Trust partners, to provide front line service delivery, particularly targeted services on a locality lead professional basis.

6.4.3.3 We have added an additional £1m of revenue funding into Children's Social Care in 2010/11 to help address known budget pressures. It is too early to quantify the longer term costs of the Southwark judgement therefore the adequacy of the additional resources will be assessed during the year through budget monitoring. The increased number of Independent sector placements has required additional resources together with the cost of delivering the care matters agenda.

6.4.3.4 Almost half of the council's five year capital programme, (£120.1m), relates to investment in Children's services. Further significant investment through BSF will deliver real benefits to learning and community assets.

6.4.4 Budget Delivery Plans – what will the department do differently

6.4.4.1 A number of actions will be required to deliver within the target budget set. These include:

- Review of administration
- Charge appropriate areas to grant sources eg Dedicated Schools Grant, Performance Reward Grant and Early Years Grant
- Cease concessionary fares for Post 16 students (remove the discretionary support)
- Review family support and family information services to remove duplication and increase efficiencies
- The BSF budget is being scrutinised to ensure that delivery of BSF is achieved in the most efficient manner
- No inflation allocated in social care where linked with Fostering network rates
- Reduction in Connexions contract negotiated through efficiencies in Careers South West

- Reducing wrap around packages for permanency placements
- Utilise staff in high performing areas to develop locality working

6.5 Community Services

6.5.1 Context

- 6.5.1.1 The Department, which is responsible for the delivery of a large number of 'front-line' services, was established as part of the corporate restructure of the Council from 1 April 2009. The department covers five areas: **Adult Social Care, Safer Communities, Environmental Services, Culture, Leisure & Sport and Service, Strategy and Regulation.**
- 6.5.1.2 The adult social care service will be focusing on maintaining the service performance improvement it achieved in 2009/2010, and continuing to find opportunities to modernise the services it delivers where ever possible this will be done jointly with health colleagues. The other key focus for the service is to continue to help people to live independently and to increase the number of residents who have a personal budget.
- 6.5.1.3 The most significant current and future budget pressure facing the department is in adult social care. The increases in demographic growth, the growing numbers of older people with dementia, more complex care packages, and the requirement to help more adults to live independently in their own homes, have added to the pressures faced by the department. An improvement in the performance of this service to 'performing well' has lead to pressure on the budget because more people have been supported to live at home or received a personal budget to purchase their own care. The service is responsible for implementing 'Putting People First' and the cost of implementing this through personalisation is not yet well defined. Financial pressures on the Primary Care Trust around continuing health care spend presents the Local Authority with the risk of the potential transfer of some of these costs. Spend to meet more complex needs of people with a Learning Disability is also an area of increased financial pressure. Adult Social Care is also faced with ensuring the Care First system is effective.
- 6.5.1.4 Culture, Leisure and Sport have a significant part to play to enhance the vibrancy of the city and the quality of life for people, living, working or visiting Plymouth. The most significant project in this area is the delivery of the Life Centre and Leisure Related Projects Programme. This is a significant capital and revenue project and will help to improve the inadequate leisure facilities in the city and contribute to raising the levels of participation in sport, and narrowing the gap in health inequalities.
- 6.5.1.5 The World Cup Host City Bid for 2018 will provide another important focus for work in this area over the next year as the city works with the other host cities to help England win the bid to run the 2018 World Cup. We will be looking to minimise the cost of our contribution to this by using existing resources in a targeted way, and working closely with all our partners.

- 6.5.1.6 Within Environmental services the key challenges are to reduce waste sent to landfill and increase recycling. The cost of waste disposal per tonne is going up annually and is influenced by landfill tax escalation and Landfill Allowance Trading Scheme (LATS) penalties.
- 6.5.1.7 As the city grows there are added pressures put on this front line service, and these will need to be managed within existing resources.
- 6.5.1.8 Key pressures within Safer Communities include some potential reduction in external funding streams to support community safety work. Alongside increasing pressures due to the economic climate including greater demand for financial advice services and increased risk of crime and social tensions.
- 6.5.1.9 Growth ambitions will see significant increase in diversity of population placing greater demands on accessibility and equality in service provision and on the need for good community cohesion within existing resources.

6.5.2 Progress on Corporate Improvement Priorities

6.5.2.1 The department is responsible for four CIPs as follows:

- **CIP3– Helping people to live independently**

Key successes were to increase the number of people receiving a personal budget to 200 and be assessed as 'performing well' in the annual performance assessment. Our key challenge is to maintain this performance and achieve better value for money as we modernise the service and find opportunities to integrate with health.

- **CIP 4 – Reducing inequalities between communities**

This year successes included providing advice work in response to the recession which helped people get over £6m in previously unclaimed benefits and tax credit. Our key challenge is to identify how we will contribute to the health inequalities issues across the city, and implement the locally working model across the city.

- **CIP 6 – Providing more and better culture/leisure activities**

Our key successes have been to secure planning permission and award the construction contract to build the Life Centre, and to be included as one of the host cities in Englands bid to host the World Cup in 2018. Our key challenge will be to work towards the award of the leisure services operator contract.

- **CIP 10- Disposing of waste and increasing recycling**

Our key success has been to implement the rezoning of the waste collection service across the city and reduce the number of missed bin collections and complaints. Also to open the new improved Civic Amenity Site at Chelson Meadow. Our key challenges are to increase the recycling

rate across the city and continue the procurement of a long term waste treatment facility.

6.5.3 Changes in resource allocation (revenue & capital)

6.5.3.1 The department's revenue budget is increasing overall and this will be targeted on adult social care and within culture, leisure and sport. We will have to ensure that the demands from adult social care services are carefully monitored and kept under control.

6.5.3.2 The main capital investment that will deliver significant progress against a number of corporate improvement priorities is the building of the Life Centre. Changes in funding grants and capital receipts have been kept under constant review and the overall capital programme has been prioritised and revised to ensure that all funding streams are realistic and achievable.

6.6.4 Budget Delivery Plans – what will the department do differently

6.6.4.1 As outlined in detail in our delivery plan our key actions will mainly focus on changing the way adult social care is delivered. It will be driving through change in service delivery through personalisation, integration with health and modernising services.

6.6.4.2 The focus in Culture, Leisure & Sport will be on the main project of the Life Centre and the procurement of the leisure services operator.

6.6.4.3 In particular there will be a focus on achieving savings from business support, administration and procurement to ensure the focus of the department remains on delivering front line services. There will be a focus on maintaining and improving other front line services within existing budgets.

6.7 **Development & Regeneration**

6.7.1 Context

6.7.1.1 The development and regeneration department was established in its current form as part of the councils management restructure. The department remains responsible for planning services, strategic housing, transport and property and economic development. The City Council has set out a strong growth agenda for Plymouth over the next 20 years, that will involve growing the City's population by 50,000, creating 40,000 new jobs and building 30,000 new homes. The Department provides strategic leadership on place making and the population, housing and economic growth in Plymouth, and must secure inward investment, if we are to become one of Europe's finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone.

6.7.1.2 The biggest challenge for the department is how we can continue to deliver quality front line services as well as fund the planning and delivery for the growth of the City. The department was recently reshaped to include our newly formed retained Strategic Housing service following stock transfer, and to recognise the need to create a greater resourced Economic Development Service.

6.7.1.3 The recession is having a considerable impact on the levels of departmental income, for example, reductions in commercial rents, reduced car parking income and reduced numbers of planning applications. For service areas such as planning, we have downsized our activities accordingly, but for commercial income, reductions are largely outside of our control.

6.7.1.4 The recessionary pressures have also impact on increased demand for housing advice and Homelessness services, and access to good quality private and affordable housing, together with increasing demands for adapted homes for those with disabilities and the elderly.

6.7.1.5 The higher than expected up take of concessionary bus fares means that our funding allocation from Central Government for this initiative has added additional pressure to the department's budget.

6.7..2 Progress on Corporate Improvement Priorities

- **CIP 5 Providing better and more affordable housing**

We have exceeded our 09/10 LAA target of affordable housing, and in finalising stock transfer we have secured funding to invest in improving the quality of 15,000 homes now transferred to Plymouth Community Homes. This is a major step towards achieving CIP 5.

We still intend to develop a Local Housing Company, and this will form the key project for a renewed CIP 5, together with our need to tackle Private Sector Housing quality and maintaining delivery of new affordable homes.

- **CIP11 Improving access across the City**

Progress continues to be made in meeting the respective milestones on accessibility. The revised Derriford Hospital Accessibility Action Plan is ready for LSP adoption. The Public Transport Delivery Plan and Sustainable Schools Transport Strategy are completed in draft format. The Real Time Passenger Information has been successfully extended with 22 new sites along the Northern Corridor. The majority of Northern Corridor schemes are currently under way The draft interim Network Management Plan is also due for completion, which will help inform the emerging local transport plan (LTP3).

- **CIP12 Delivering sustainable growth**

The City has excellent strategic documents setting out the framework for growth. Work is ongoing to design new structural and governance arrangements to better prioritise growth and regeneration initiatives and streamline the large number of often duplicating partnerships and groups.

Delivery of the City's growth agenda is still broadly on track despite the impact of the recession, through support for the Urban Enterprise Programme and our support for the continuing implementation of both the Recession Action Plan and the Market Recovery Action Plan.

Job creation and housing delivery initiatives are all on schedule. Delivery of strategic infrastructure is on track with planning permission granted for the Eastern Corridor Community Infrastructure Scheme. Funding has been secured for the East End Community Infrastructure Fund Scheme with initial pre-works undertaken.

Master planning for Central Park has had to be re-programmed following clarification of funding and the need for further detailed design work. Delivery of growth programmes has been affected by the Government's decision to remove £2.4 Million of previously approved New Growth Points funding which has resulted in the re-phasing of several infrastructure projects.

6.7.3 Changes in resource allocation (revenue & capital)

6.7.3.1 Additional revenue resources allocated to the Development & Regeneration Department will in part off-set reductions in income due to recessionary pressures, support the development of an enhanced economic development service and add focus and attention to project delivery.

6.7.3.2 An additional £150,000 has been allocated to Economic Development Service from within the department's resources to fund additional capacity, supporting initiatives to drive our economic performance in high priority sectors and enhance job creation in higher value, higher skilled jobs. This will be through the development of the Economy and Enterprise Programme Board working in close co-operation with the Plymouth City Development Company and other key partners across the City.

6.7.3.3 We have secured up to £20m for affordable housing this year, which will deliver new homes over the next 12 months and more. As part of the single conversation we have a commitment from the HCA to invest in a major regeneration project in North Prospect to £44m over 10 years.

6.7.4 Budget Delivery Plans – what will the department do differently

6.7.4.1 The department will be addressing a package of measures that combine income maximisation with further general efficiencies. Both the Planning Services and Transport Policy and Strategy have been subject to value for money reductions in previous years so there is generally little manoeuvrability, but by changing the shape of the department, we expect to achieve economies of scale by amalgamating resources across all service areas.

6.7.4.2 Parking Services have seen a 10% reduction in income nationally. The parking income has historically had limited investment capacity and a funding gap in the trading account. There will be action taken to rationalise both the existing on and off street car parking charging regime, and with the combination of ongoing improvements to parking provision, increase charges in target areas.

6.7.4.3 We will be implementing an improved Planning Application Service by introducing a Development Enquiry Service whereby pre application advice will be charged for depending on the scale of the application. We will also

streamline the Local Development framework through the merging the remaining Area Action Plans and Development Plan Documents, and reprogramming the Core Strategy review.

6.7.4.4 Following Stock Transfer further clarity on the retained housing service via an initial review has realised some efficiencies. We are re-focussing neighbourhood management and have also initiated a peer challenge of our Private Sector Housing Service. We will undertake a strategic review of Homelessness and Housing Options later in the year. These could potentially release efficiencies, and we also aim to maximise income and external grant funding to meet some of the gaps in the service.

6.8 Corporate Support & Chief Executives

6.8.1 Context

6.8.1.1 The Corporate Support Department was established as part of the corporate restructure of the Council from 1 April 2009. The department covers five areas: **Customer Services and Business Transformation, Democracy and Governance, Finance, Assets and Efficiencies, Human Resources and Organisational Development** and **ICT**. The department is a mixture of 'front-line' services and the majority of 'back-office' functions for the Council.

6.8.1.2 The two key pressures from external customers are the increasing applications for benefits in the current economic climate and the increasing number of looked after children leading to increased pressure on Legal Services taking cases through the courts. A key internal pressure is supporting the Council's ambitious programme for the City and itself. By its nature Corporate Support has an input into everything the Council does in some way.

6.8.1.3 The department is looking to manage the above and improve its services to all its customers whilst operating with a reduced budget for 2010/11 and beyond. We are progressively restructuring the department to ensure we have the right focus for the future.

6.8.2 Progress on Corporate Improvement Priorities

6.8.2.1 The department is responsible directly for three CIPs as follows:

- **CIP1 – improving customer service**
Our key success was achieving Customer Service Accreditation. Our key challenge is to ensure a consistent high quality service to all our customers from across the Council.
- **CIP 13 – Supporting Council Staff to perform better**
Our key success was the completion of the JE process and appeals. Our key challenge is to really embed a robust competency framework
- **CIP 14 – Providing better Value for Money**
Our key success has been the progressive roll out of the Council's Accommodation Strategy, improving our use of our Accommodation. We are also achieving national recognition for our commitment and progress

with partners on reducing the City's Carbon footprint. Our key challenge is to achieve the very challenging targets set by National Government for Value for money as an organisation.

6.8.2.2 The department also significantly supports the remaining eleven CIPs.

6.8.3 Changes in resource allocation (revenue & capital)

6.8.3.1 The department's revenue budget is reducing overall but we have ensured that the reduction will not impact on our external customers. In terms of accessing additional resources the focus for the department will be on submitting 'invest to save' business cases to access capital funds if and only if revenue costs are reduced in the future and the project helps to improve services. The focus of these business cases in the first instance will be around investment in IT and investment in our estate to reduce the number of buildings we use linked to our Accommodation strategy.

6.8.3.2 The department will need to carefully prioritise its scarce resources to ensure it can support all the Council's Corporate Improvement Priorities and the achievement of the delivery plans outlined in this document. The department will continue to work closely with the restructured Chief Executive's department as the corporate centre of the organisation.

6.8.4 Budget Delivery Plans – what will the department do differently

6.8.4.1 As outlined in detail in our delivery plan our key actions will reduce the number of posts in the department by at least 20 FTE's. This is continuing a trend in recent years of reducing posts across the Corporate Centre. The significant reduction in 2009/10 was a combination of planned post reductions and TUPE transfer associated with stock transfer. It is highly likely that the structure for the department will reduce still further in future years. We will need to consider carefully opportunities for partnership working with either the public or private sector to maximise economies of scale and performance in the future.

6.8.4.2 The Chief Executives Unit has also been substantially restructured with many services areas now within Corporate Support or Community Services. The service areas now include corporate policy and performance management, partnership support (Local Strategic Partnership) and communications. The main priorities for this service are to ensure effective performance monitoring and performance management across the Council and supporting, driving and coordinating the significant transformation agenda within the Local Strategic Partnership and the Council that will be required over the next few years.

6.8.5 Progress on Corporate Improvement Priorities

6.8.5.1 The department is responsible directly for the following CIP:

- **CIP2- Customer Engagement**

The "You Said, We Did" pilot campaign was carried out in September with similar messages used to promote corporate priority setting in November at events in Drake Circus and through Area Committees. We have compiled and published the Place Survey 2008 with results fed into review

of priorities. Publication of "How we consult with you", Plymouth's statement of Community Involvement and Compact Code of Practice, which sets standards for consultation with residents for the Council and our partners has been completed and engagement and consultation values have been built into corporate competency framework ensuring that all staff become aware of good practice in terms of gathering feedback from the public and using it to develop services.

6.8.6 Changes in resource allocation

The budget across Chief Executives is reducing. The focus for the team is to drive change across the Council and partnerships, the budget delivery plans for Chief Executives includes a restructuring across policy and partnership support both within Chief Executives the Council and across a range of partnerships which the Council is engaged in. Improving coordination of communication, performance management and partnership management while reducing the cost of supporting partnership arrangements.

7. Budget Consultation

- 7.1 The Council has continued to improve how it communicates with partners and the public in relation to its budget setting and spending plans. Throughout 2009/10 summary accounts have been made available within locations such as local libraries and Schools, articles published in the local newspaper and budget details issued in Plymouth People (the Council's newsletter) which is delivered to every household within the City.
- 7.2 Specific consultation events have also been held in the community to raise awareness of the Council's improvement priorities and spending plans. For example, members of the Council's Senior Management have hosted interactive engagement at Drakes Circus in October / November 2009.
- 7.3 We continued to build on promoting awareness and engagement with the eight Area Committees, explaining improvement priorities and conducting electronic voting at each committee to determine which priorities are more, or less, important to the specific area.
- 7.4 The Council continues to keep its partners fully informed of its corporate priorities and financial position through comprehensive bi-monthly performance and finance reports. As per previous years, presentations and discussions will be held with all key stakeholders such as political groups, Chamber of Commerce, local MPs, Unions and the LSP in early February 2010.
- 7.5 There will also be a thorough two day scrutiny of the corporate planning and budget documents on 15 and 17 February 2010. To continue to enhance this scrutiny process we will be using accredited Improvement and Development Agency (IDeA) peer officers and members to provide added, independent challenge to the process.
- 7.6 The recommended budget presented within this report is draft and subject to any necessary changes and amendments made through the consultation and scrutiny process (if approved through Cabinet and Full Council).

8. Risks associated with the budget. Reserves & Provisions

The risks associated with the budget are detailed in Appendix A. This Appendix also includes details on the Council's current and projected reserves.

9. The Medium Term Financial Outlook

9.1 The Council is facing a series of very challenging issues into the medium term. The combination of the current national economic situation, a new three year funding settlement for 2011/12 to 2013/14 and a new national government with a new set of priorities will require the Council to have robust plans if it is to continue to improve. In addition the Council is facing the next three year valuation of its pension fund deficit with new employer contributions due to start from 1 April 2011. The Revenue impact of Stock Transfer has been managed within the proposed 2010/11 budget but starts to increase significantly from 2011/12. The capital programme will require robust management to ensure the outputs are achieved and the impact on the Council's revenue budget is kept to a minimum. The impact of waste disposal on the Council's costs will grow significantly in the coming years even with the successful delivery of the waste PFI scheme.

9.2 The Council is not unusual in facing these issues and is prepared for the challenge. The above clearly means that the Council will need to take some difficult decisions in the future about what services it does and what services it doesn't provide. The Council will need to continue to radically change shape over the coming years if it is to continue to improve the City and the Council itself. The stock transfer process is a good example of what the Council needs to do more of – working closely with other partners in the public and private sector to provide the best solution for the Council tenants and, in this example, hand services over to another organisation with the resources to dramatically improve the service. The Council will use 2010/11 to prepare for the significant challenges ahead.

10. Summary and Recommendations

10.1 In summary for the 2010/11 budget, the Council has continued to allocate resources to deliver improved front line services and make tangible progress against corporate improvement priorities whilst reducing spend on back office support functions. In future years the Council will face significant pressures due to tight public expenditure constraints.

10.2 It is recommended that :

- (i) To recommend the proposed target budget requirement for 2010/11 to Council, subject to the consultation and scrutiny process;
- (ii) To request Officers to identify further savings in advance of the 1 March 2010 Council meeting to arrive at the required budget requirement;
- (iii) It is recommended to approve that the previously ring-fenced capital receipt of £4.4 million be transferred to general capital receipt fund.
- (iv) It is recommended that officers continue to develop delivery plans to address the funding pressures faced for 2011/12 and beyond.

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

SECTION I - DELIVERY OF BUDGET		
<p><u>1. Delivery of a Balanced Revenue Budget</u></p> <p>Risk of non-delivery of budget plans</p> <p>(a) Directors have identified a number of pressures within their budgets for 2010/11 and future years.</p> <p>(b) Local Government funding from 2011/12 onwards will reduce which will cause further budget pressures.</p> <p>(c) Directors have produced and signed up to high level plans to deliver a balanced budget. Detailed project plans are being developed to support the high level plans.</p> <p>(d) Future year budget plans need further work as Medium Term Financial Forecast still showing shortfall in resources.</p> <p>(e) Current spending plans exceed resources available. Further work will need to be undertaken during the next few weeks to identify options to bring budgets back in line with resources.</p> <p>(f) 2009/10 forecasted revenue budget overspend will add pressure if CMT are not able to return a balanced situation by year end.</p>	<p>Additional revenue resources have been prioritised and allocated to front facing services in 2010/11 to contribute towards known budget pressures.</p> <p>Financial Management procedures are in place regarding carry forwards. Targets are set (1% overspend and 2% under spend).</p> <p>Each Director has provided a Delivery Plan on how the Departmental budget will be delivered.</p> <p>Delivery Plans have been subject to a robust challenge at CMT and DMTs. There has been Portfolio challenge of the delivery plans prior to the final budget proposals.</p> <p>Progress reports against Delivery Plans will be incorporated into bi-monthly finance and performance reporting which will continue to be presented and challenged by Cabinet and Scrutiny.</p> <p>Annual contingency of £0.500m allowed for within revenue budget.</p> <p>Proposal to set up invest to save budget in capital to enable pump prime investment to generate revenue savings in future years.</p> <p>The Bellwin Scheme is available for emergency expenditure – this provides 85% funding of costs that exceed the Council's threshold of approximately £0.700m.</p>	RED

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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	<p>All departments are seeking to minimise the overspend in 2009/10.</p> <p>The Council will also consider the most appropriate use of the Fleming VAT reimbursement once the final position for the year is known.</p>	
2. <u>Service Specific Issues</u>		
<p>(a) Children and Young People</p> <p>The number of Children in the care of the local authority has increased mainly due to the high profile national and local media cases which has been reflected in the budget (budgeted at current levels). The cost of caring for an individual child varies depending on their particular needs</p> <p>There are potential capacity issues within the social work area due to the requirement to implement the Laming recommendations on case loads. Recommended 15 – 20 but in Plymouth currently range from 20-31.</p> <p>There has been a significant increase (up to 90%) in the number of children subject to protection plans where the risk has been managed within the community rather than being taken into the care system. Such a high increase will be extremely challenging to sustain.</p> <p>The High Court Ruling ‘the Southwark judgement’ introduces new responsibilities for local authorities in respect of 16/17 year olds as it is now a requirement to consider taking them into the care system and to provide additional services until the age of 25. A sum of £250k has been included in the budget but there is a risk that this sum will be insufficient.</p>	<p>Continued rigour with the decision making process of the placement review panel.</p> <p>The successful implementation of the ‘Payment for skills’ foster care payment scheme will enable more placements to be made appropriately within Plymouth by increasing the number of carers into the profession and through the higher quality factors increase the councils capacity to care for children with more complex needs.</p> <p>Continued investment in workforce development, particularly with newly qualified social workers. Successful implementation of a fully functioning Care First system will help to mitigate the requirement for additional social workers.</p> <p>The transfer of some children in need cases to other agencies through the Common Assessment Framework will ensure that the needs of the children are met by the body best placed to support them and help to contain the pressure on the council.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
	<p>There is a robust process for considering the additional services allocated (if any) for each potential case.</p> <p>Before the ruling, some support for this client group was given by housing from the homelessness budget and a reallocation of this budget will need to be considered.</p>	
<p>(b) Adult Social Care</p> <p>Within Adult Social Care there are nationally recognised demographic changes which impact the budget, due to both an ageing population and increased complex needs.</p> <p>The services are volatile and small changes in client numbers of those with high care needs can impact on the budget.</p> <p>The government's personalisation and modernisation agenda will present challenges to the transformation of the service.</p> <p>The financial and operational impact of the Government proposed 'free personal health care' (to help people live at home) is still subject to consultation and there are no estimates in the budget assumptions.</p> <p>Service and funding decisions made by NHS Plymouth (previously known as Plymouth Primary Care Trust) can impact on the costs incurred by the Council .</p>	<p>Accurate and timely monitoring information provided to lead officer for Adult Social Care.</p> <p>Review of data quality, linked to Carefirst project and other systems.</p> <p>The Director of Community Services will establish a Programme Board to manage the delivery of action plans and the transformation of adult social care services.</p> <p>Determine the impact as soon as the government proposals become clearer (work is already underway).</p> <p>A Health and Social Care Integration Board is in place to improve our partnership arrangements. The Director of Community Services and the Chief Executive of NHS Plymouth meet regularly to discuss high risk issues.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>(c) BSF</p> <p>Additional budget resources have been allocated to fund the anticipated BSF project implementation costs; however final costs will only become more certain as the project moves towards outline business case acceptance.</p>	<p>The BSF Committee and Executive group will be responsible for maintaining workforce investment and other resources to ensure timely delivery of all project stages.</p> <p>Initial costs have been allowed for in the 2010/11 budget.</p>	AMBER
<p>(d) Stock Transfer</p> <p>The Council Stock Transfer has resulted in a residual financial cost to the General Fund. This cost has been estimated and allowed for within the budget plans for 2010/11. In future years the costs are forecast to increase substantially. Action needs to be commenced in 2010/11 in order to reduce the impact of these costs over the next 5 years.</p> <p>Residual pension's deficit remains with the Council. Forecast increase in annual contributions of approximately £1.3m from 2011/12.</p> <p>As part of the transfer the Council has been required to provide a number of warranties. There may yet be residual costs and claims that will fall to the Council, eg public liability claims.</p>	<p>The residual cost has been allowed for in budgets for 2010/11.</p> <p>Negotiated monies, as part of stock transfer, via VAT shelter and Right to Buy receipts but this is capital resource.</p> <p>Application for Capitalisation Direction to help better manage resources between revenue and capital.</p> <p>Quarterly joint liaison meetings have been arranged.</p> <p>Insurance provision £0.250m has remained with Council.</p> <p>Assumed working balance on HRA of at least £2m which can be used to offset increased costs in 2010/11.</p>	RED

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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3. Corporate Issues		
<p>(a) Maintenance Liabilities</p> <p>Inadequate budget provision to meet maintenance liabilities</p> <p>Provision has been made in the revenue budget to meet the costs of the routine maintenance of the Council's operational buildings. Improvement works are charged to the capital budget.</p> <p>The asset management strategy identifies that there is a significant backlog in maintenance obligations.</p> <p>Risks include health and safety issues that may arise during the year and the uncertainties over the future of the Civic Centre.</p>	<p>Asset management keep under review all the Council's assets including identifying and considering assets for disposal.</p> <p>A further increase in the revenue budget of £0.350m has been allocated in 2010/11 towards preventative maintenance.</p> <p>Insurance reserve set up which could be used to meet the costs of health and safety repairs.</p> <p>Accommodation reserve set up to meet one off repairs to Civic Centre (and other Council Offices) pending outcome of negotiations on the future of Civic Centre.</p>	AMBER
<p>(b) Redundancies</p> <p>Impact of redundancies on revenue budget</p> <p>As part of the budget delivery plans, the council will delete a number of posts in 2010/11 in order to achieve a balanced budget.</p> <p>Redundancies result in one-off costs, including a contribution to the pension fund. These costs have not been specifically allowed for in the budget.</p>	<p>A contribution of £0.552m has been transferred to a redundancy reserve as part of the 2010/11 budget.</p> <p>We will minimise the number of redundancies through vacancy management, effective redeployment practices and close working with the unions.</p> <p>Capitalisation Direction applied for in 2009/10. There may be an opportunity to apply for further Capitalisation Direction in 2010/11 if redundancy costs exceed thresholds. However this will impact on Capital Programme.</p> <p>Consider spreading pension fund top-up over three years.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>(c) Equal Pay</p> <p>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. Tribunal claims are likely to be delayed until 2010/11.</p> <p>Capitalisation Direction request was refused 2009/10.</p>	<p>The Council secured a Capitalisation Direction to cover equal pay claims in 2007/08. This can be used for any claims submitted prior to 31 March 2008.</p> <p>Equal pay reserve set up 31 March 2009 for claims submitted after March 2008. (£350k).</p> <p>Regulations allow impact of equal pay claims to be deferred until actual payment.</p> <p>The Council can apply for a capitalisation direction in 10/11 if cost exceed threshold.</p>	AMBER
<p>(d) Accommodation</p> <p>The Council's existing Civic Centre is not 'fit for purpose'. It is expensive to maintain and, in the medium term, will require significant investment.</p> <p>The building being listed in 2007 has meant that the Council has had to review its original plans.</p>	<p>Accommodation Strategy forms part of the Council's Strategic Asset Management plan. Potential to explore invest to save opportunity.</p> <p>Work ongoing with English Heritage to scope and detail repairs and alterations required to enable the building to have a potentially sustainable future.</p>	AMBER
SECTION II – IMPACT OF MAJOR PROJECTS / CORPORATE ITEMS		
<p>4. <u>Major Projects</u></p> <p>Delivery of Major Projects- timing and resources</p> <p>The Council currently has a number of cross cutting major projects either in progress or planned for the medium term. The key risk is delivering the projects on time and to budget.</p>	<p>Clear project plans in place for key areas.</p> <p>Revenue and Capital Funding allocated to Corporate priorities under budget process.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>The requirement to reduce staffing to balance budgets may impact on the ability to adequately resource projects.</p> <p>Many projects require services to be delivered in an innovative way. There may need to be a requirement for external advisors which puts pressure on budgets.</p> <p><u>The main projects are:</u></p>	<p>Capitalisation Direction submitted for 2009/10 – approval will enable resources to be set aside to support projects in future years.</p> <p>Proposal to set up “invest to save” budget within capital.</p> <p>Progress on Major Projects overseen by a Project Board with finance input.</p>	
<u>(a) Corporate</u>		
<p>(i) International Financial Reporting Standards (IFRS)</p> <p>Local Authorities are required to prepare statutory accounts in accordance with International Financial Reporting Standards (IFRS) from 2010/11.</p> <p>This is a major project that is currently being delivered by existing staff resources The reduction in staffing in Corporate Support may result in conflicting priorities and the ability of staff to adequately support the project.</p> <p>Failure to deliver on time will reflect adversely in the annual Use of Resources and Comprehensive Area Assessments (CAA).</p>	<p>Governance structure in place and regular reporting to Audit Committee.</p> <p>Project manager in post and high level project plan produced.</p> <p>Standards being reviewed by a number of project work streams. Detailed impact assessments being completed.</p> <p>Early discussions with External Auditor. External support secured to support the PFI work stream.</p> <p>Additional budget allocated in 2010/11 for support to project.</p>	AMBER
<u>(b) Service Specific:</u>		
<p>(i) Care First</p> <p>The Council has begun a 3 year programme to harmonise the Children’s & Family and Adults Social Care Teams onto a single computer system. The costs of this project will span a number of years in which time costs can fluctuate.</p>	<p>A Care First Project Board has been set up, chaired by the Assistant Chief Executive.</p> <p>3 year Revenue budget allocation to the project starting in 2010/11.</p> <p>Stronger management of the relationship with the Software provider and improved contract management.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>(ii) Leisure Management</p> <p>The Council is undergoing a procurement exercise for the management of Leisure Services. The project risk register identifies a number of key risks, including completion of the process to co-ordinate with the completion of the Life Centre.</p>	<p>Budget provision allocated for the project.</p> <p>A Project Board monitors the progress of the procurement exercise as part of the Life Centre and leisure related projects.</p> <p>The programme is part of the regular member scrutiny process.</p>	AMBER
<p>(iii) Life Centre</p> <p>The construction of the Life Centre is a complex design and build project with a mixed funding stream including several grants with certain conditions.</p>	<p>Life Centre and Leisure Related Projects Programme Board in place. Board meets monthly to monitor progress.</p> <p>The construction is part of a robust contract which details construction milestones and financial milestones. The contract will be closely monitored by the Council's appointed project managers EC Harris.</p> <p>Costs and risks well understood and subject to robust scrutiny.</p>	AMBER
<p>(iv) Waste PFI</p> <p>The cost of disposing the City's waste is due to rise sharply over the coming years. Since closing the Council's landfill site, Chelson Meadow, we have entered into a contractual arrangement to dispose our waste in Cornwall for the immediate future.</p> <p>The council is currently developing a Energy to Waste PFI solution in partnership with Torbay and Devon County Councils. The capital and revenue costs of this project are significant and volatile to change.</p>	<p>A waste management reserve has been created with the balance of this reserve currently at £1.1m.</p> <p>The Council is entering into a Private Finance Initiative, (PFI), with Devon County and Torbay Councils to build a new 'waste into energy' plant.</p> <p>Revenue & capital costs are updated and communicated through robust governance arrangements.</p> <p>External finance advisors are assisting with financial modelling.</p>	RED

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
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<p>(v) BSF Council has been successfully secured a place on the Building Schools for the Future (BSF) programme.</p> <p>The final funding allocation will be dependent on a number of factors including estimated pupil numbers and will not be finalised until outline business case in the next twelve months.</p> <p>The Council will have to decide what mixture of new build / refurbishments it can afford to finance from the funding.</p>	<p>The Council have appointed external financial and technical advisors to ensure that the Council maximises its funding allocation and what it is able to provide within the funding envelope.</p> <p>There will be regular project meetings with the external advisors over the next six months to progress this aspect of the project.</p>	AMBER
SECTION III - IMPACT OF ECONOMY		
<p>5. <u>Economic Impact on Income</u></p> <p>(a) Reduced income from fees and charges</p> <p>(i) Budget monitoring reports continue to identify areas experiencing a reduction in income due to the economic climate e.g. including car parks and commercial rents.</p> <p>(ii) Risk on Medium Term Financial Strategy of further economic downturn.</p>	<p>Departments have reviewed underlying income assumptions.</p> <p>Revenue allocation made in 2010/11 to part offset the loss of car park and commercial income.</p> <p>Key PIs in relation to collection rates reported/monitored in bi-monthly monitoring report.</p>	GREEN
<p>(b) Impact on income collection rates- eg Council tax, National Non Domestic Rates, Sundry Debt income</p> <p>Current monitoring reports identify collection rates generally at target for 2009/10 but continuing recession could adversely impact in future years.</p> <p>Commercial rent income continues to fall below target.</p>	<p>Income strategy approved.</p> <p>Risk based approach to debt collection.</p> <p>Instalments policy to be implemented. Actions to encourage greater direct debit take up.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
	<p>Bad debt provision reviewed regularly to ensure it remains adequate to meet costs of any potential uncollectable debt.</p> <p>Recovery routes will be rationalised and shortened.</p>	
<p>6. <u>Treasury Management</u></p> <p>(i) Investment Returns Bank of England base rate remains low at 0.5% affecting the ability to achieve target investment returns.</p> <p>The budget projections for 2010/11 assume investment returns of 1%.</p>	<p>Treasury Management (TM) Board meets weekly to review investment and borrowing strategy enabling timely action in response to changing market conditions.</p> <p>Revised TM Strategy to Cabinet and for approval at Council provides more flexibility for investment opportunities.</p> <p>Level of investments reduced as to meet cash flow and repay debt</p> <p>Continue to maximise use of external Treasury Management advisors.</p>	AMBER
<p>(ii) Borrowing risk – portfolio imbalance PWLB/LOBO</p> <p>Repayment of £91m PWLB debt following stock transfer has resulted in a significantly high proportion of market loans (LOBO) compared to PWLB debt.</p> <p>Over longer term this reduces Council's ability to restructure debt portfolio.</p> <p>Average interest payable on loans exceeds rate of interest receivable on investments increasing pressure on budget.</p>	<p>New borrowing to be taken from PWLB.</p> <p>Seek to bring Devon Debt in house to enable greater flexibility over debt repayment.</p> <p>Make greater use of variable rate debt.</p> <p>Use balances and reserves to meet cash flow and borrowing requirements.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>(iii) Investment losses – Iceland Banks</p> <p>Recovery of monies in Iceland still subject to uncertainty:</p> <p>Regulations allowing Authorities to defer charging for losses only apply to 2009/10.</p>	<p>Plymouth City Council representation on the Local Authority Iceland Bank Steering Committee.</p> <p>Capitalisation Direction applied for in 2009/10. if approved will allow losses to be spread over 10-20 years.</p> <p>Continue to lobby Government for extension of regulations to defer impact of Losses.</p> <p>Reserve set up as part of closedown 2009/10.</p> <p>Dividend payments being received from Heritable £0.908m (of £3m) recovered to date.</p>	RED
<p>7. <u>Capital Programme</u></p> <p>Current housing market makes it difficult to generate sufficient capital receipts to fund capital programme at assumed level.</p> <p>Impact of Credit Crunch on Treasury Management with knock on effect on Capital Programme.</p> <p>Any shortfall may require additional temporary borrowing which will impact on revenue budget.</p> <p>There is uncertainty over central government grants in future years due to the pressure on public sector finances</p> <p>The impact of decisions made on programmes receiving grant or supported borrowing may have an impact on future allocations.</p>	<p>Constant review of capital receipts position and other financing options as part of monitoring.</p> <p>Review of capital programme to reduce dependency on capital receipts undertaken as part of budget setting.</p> <p>Capital Financing reserve set up – balance of £0.975m which can be used to fund temporary borrowing costs to plug timing differences in receipt of capital receipts.</p> <p>The level of grants will be constantly monitored, with projects being delivered over several years not being commenced until there is certainty over linked grant funding</p> <p>Continuing dialogue with the relevant Government departments</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

SECTION IV – FURTHER BUDGET ASSUMPTIONS		
<p>8. <u>Inflation assumptions</u></p> <p>Difficult to identify impact of inflation / deflation as economic uncertainty continues.</p>		
<p>(i) Pay award</p> <p>Current budgets assume a 1% increase.</p>	<p>LGA have informed Unions that there will be a pay freeze in 2010/11. But this is open to negotiation.</p> <p>Any savings in departmental budgets as a result of a pay award freeze will be recouped and held corporately to meet future budget pressures.</p>	GREEN
<p>(ii) Energy costs</p> <p>Energy contract due for renewal in June 2010. Contract prices obtained will depend on the energy supply market at the relevant time.</p>	<p>All Departmental budgets have received an appropriate increase for utility budgets.</p> <p>PCC works in conjunction with Torbay Council, Devon County Council and the energy supplier to secure the best prices available within the current market.</p> <p>Current indications show the market cost is falling and will continue to do so over the next 4-6 weeks during the contract renewal negotiations.</p>	AMBER
<p>(iii) Other</p> <p>Inflationary increases have been contained for social care commissioning (private and independent sector), with exceptions relating to previously agreed medium term contracts. Irrespectively, these contracts will all need careful management to contain costs and drive service improvements.</p>	<p>This is consistent with guidance from commissioning colleagues.</p> <p>Contracts will need to be closely monitored.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

SECTION V - OTHER		
<p>9. <u>Efficiency Savings</u></p> <p>(a) Failure to deliver on VFM Efficiency Target</p> <p>Efficiency target increased to 4% for 2010/11. Achievement of efficiencies monitored via national indicators performance return NI179.</p> <p>Council return showing falling significantly below target</p> <p>Details of efficiencies achieved to be included on Council Tax Bills and accompanying Council Tax leaflet. Failure to achieve the target will impact adversely on the Council's Use of Resources score and CAA assessment.</p>	<p>Profile of VFM raised across the Council - a corporate improvement priority - CIP 14.</p> <p>Directors set a VFM target as part of benchmarking exercise.</p> <p>Business plans to include details of how service will achieve VFM efficiency savings.</p> <p>Corporate VFM delivery programme plan to be produced once budget has been set and business plans completed. Programme co-ordinator appointed to raise the profile of VFM across council.</p> <p>Number of new projects will be put in place that will improve VFM e.g. Purchase2Pay.</p>	AMBER
<p>(b) Partners</p>		
<p>(i) New deal For Communities (NDC) Grant – Devonport Regeneration Community Partnership (DRCP)</p> <p>The NDC grant is now entering its final year.</p> <p>The risks to the Council increases as the funding stream comes to an end and include the costs of pensions and potential redundancy costs as well as residual costs should spend by the projects miss grant cut off dates.</p> <p>There is also an inherent risk to the Council of grant clawback should grant conditions not be met.</p>	<p>Council Officer attendance at the DRCP board meetings.</p> <p>Monthly meetings held between senior Council Officers, DRCP staff and GOSW.</p> <p>Monitoring of expenditure is reported alongside the Council's expenditure.</p> <p>The Council continues to hold £1.3 in reserve as a result of the agreed flexibility sought in 2007/08 to maximise grant spend. This reserve is earmarked against specific DRCP projects.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>Risk of not achieving required improvements and stretch targets set in the Local Area Agreement will result in a reduction in performance Reward Grant.</p>	<p>DRCP taking action to downsize staffing levels in advance of grant end. Succession plan produce and currently subject to CLG scrutiny.</p> <p>Financial due diligence being carried out by Council officers on succession plan proposals.</p> <p>Regular monitoring at LSP Executive and through Overview and Scrutiny.</p>	
<p>(ii) NHS</p> <p>There is a close relationship between the costs incurred by adult social care and NHS Plymouth (previously known as the Plymouth Community Primary Care Trust).</p> <p>Both organisations face future budget pressures.</p>	<p>The Council has strengthened its relationship with NHS Plymouth through Memorandum of Understanding and a Health Social care Integration Board.</p> <p>Regular liaison and meetings will be maintained.</p>	AMBER
<p>(iii) Highways</p> <p>The Council entered into a partnership with Amey on the 1st Dec 2008 to undertake highway design and maintenance and carry out some of the statutory functions of the Council.</p>	<p>Strategic and Operation Boards have been set up to ensure that major issues are promptly highlighted and dealt with.</p> <p>There are also regular meetings to discuss day to day operational issues and the impact that may arise on performance indicators and budgets.</p>	GREEN

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>10. <u>Insurance Cover</u></p> <p>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</p> <p>Monitoring during 2009/10 indicates the provision may be insufficient to meet all known liabilities. This is as a result of an increase in the number of new serious injury claims received.</p> <p>Any shortfall in the provision at year end would be met from the earmarked insurance reserve and/or general balances.</p>	<p>The Council continues to keep the adequacy of its insurance fund under review.</p> <p>An increase to internal premiums has been implemented for 2010/11.</p> <p>A number of pro-active risk management measures are being implemented in response to the identification of problem areas.</p> <p>The Bellwin Scheme is available for emergency expenditure – this provides 85% funding of costs that exceed the Council's threshold of approximately £0.700m.</p>	GREEN
<p>11. <u>Outstanding Liabilities-Risk Management</u></p> <p>Contingent Liabilities</p> <p>The Council is aware of the following contingent liabilities:</p> <ul style="list-style-type: none"> • Municipal Mutual Insurance Ltd- Scheme of Arrangement • PLUSS Organisation Ltd • Section 117 refunds • Single Status Equal Pay claims • Civic Centre • Connexions. • Contaminated land • Treasury Management- Icelandic banks • Warranties under Housing Stock Transfer agreement, including environmental and asbestos warranties. <p>Further information is available in the Statement of Accounts 2008/09.</p>	<p>The Council operates a system of internal control to identify and manage risk.</p> <p>Contingent liabilities are added to the risk register but specific budget provision is not normally made in the accounts.</p> <p>The Council keeps under review all its outstanding financial liabilities.</p> <p>Contingent liabilities identified and reported as part of Statement of Accounts.</p> <p>Provision accounts set up as appropriate once certainty of liability known, but not expected to be settled by year end.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		
<p>12. <u>Medium Term Financial Strategy</u> There is currently a risk of not achieving balanced future years - Medium Term Financial Forecast shows a shortfall in resources in 2011/12 and 2012/13.</p> <p>General election and current economic climate will impact on future year's settlements. Cuts in grants are anticipated at -2.5% but could be higher.</p> <p>Pressure to keep Council tax rises to a minimum.</p>	<p>Proactive work with the LGA on future funding settlements.</p> <p>Delivery plans show future years indicative budgets thus allowing planning opportunities for Directorates.</p> <p>Proactive benchmarking will help to inform future VFM targets.</p> <p>MTFS will be produced as soon as possible once Council Tax is set.</p>	AMBER
<p>13. <u>Pension Fund Deficit</u></p> <p>Increased Employer Contributions to Pension Fund As at 31 March 2009 Plymouth had a pension liability of £330m on the Devon County managed pension fund. The pension fund is subject to a triennial actuary review with the deficit being managed through increased contributions as determined by the pension actuary. The next review is due March 2010 with revised rates implemented in 2011/12.</p> <p>It is assumed that the deficit will be repaid over a 25 year period.</p> <p>Specific issues that will impact on the contribution rates in 2011/12:</p> <p><u>Economic Climate-ability to generate investment income</u> Pension funds rely heavily on investment income to contribute to the fund balances and to meet liabilities. The current economic climate is having a substantial impact on investment income. Indications are that this may result in significant increases in pension contributions when the next triennial review is undertaken.</p>	<p>The deficit is reported as part of the Council's Annual Statement of Accounts and is therefore subject to Member scrutiny.</p> <p>Whilst the economic position is poor at this time, the actuary takes a much longer term approach. It will not be based on the economy at a point in time.</p> <p>All residual liabilities are transferred at time of outsourcing and new employers are required to take out an insurance bond covering any losses that may arise post transfer.</p> <p>The Council makes a 'top-up' to the fund when staff are made redundant.</p> <p>Capitalisation Direction made to enable one-off lump sum to be made into the pensions fund to reduce the impact on future contribution rates. Awaiting outcome.</p>	AMBER

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

<p><u>Outsourced/transferred services</u> As services are outsourced, e.g. Highways, and the Housing Stock transfer, and staff transfer under TUPE arrangements a transfer from the pension fund is made to ensure all pension liabilities are met as at transfer date. This affects the overall pool and the amount the Council will be required to contribute in future years from a reduced workforce base.</p> <p><u>Citybus</u> The Council has a residual pension's liability in relation to staff previously employed by Plymouth Citybus following the sale of the company.</p>		
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14. Conclusion

This Appendix represents the risks associated with the budget and the actions required to mitigate the risks. These have been taken into account in the budget setting process.

It should be noted that the Council also operates a system of internal control to identify and manage risk, with a key element the maintenance of strategic and operational risk registers.

The corporate improvement priorities identified in the Corporate Plan report are themselves the subject of ongoing risk assessment. Action plans are being developed to ensure that they are achieved. In addition, Business Plan risk registers support the delivery of the strategic vision at individual service level.

Section 2

LOCAL GOVERNMENT ACT 2003, SECTION 25 STATEMENT SECTION 2 - ADEQUACY OF RESERVES

The requirement for financial reserves is acknowledged in Statute. Sections 32 and 43 of the Local Government Finance Act 1992 requires billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no set guidance on the minimum level of reserves that should be held.

The recommendation for the minimum prudent level and optimal level of reserves has therefore been based on the robustness of estimate information and an assessment of the strategic, operational and financial risks facing the authority over the next three years and Section 1 of this Appendix. Plymouth has significantly improved the approach to risk management over recent years. Our strategic and operational risk registers are comprehensive and are regularly reported to, discussed and challenged by senior officers and members.

In order to assess the adequacy of unallocated reserves the following factors have been taken into account:

- The level of earmarked reserves, which are shown in Annex 1 to this Appendix.
- There is always some degree of uncertainty over the timing and the full effects of any economy measures and/or service reductions that will be achieved. Directors have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government (Plymouth City Council's threshold for 2010/11 has yet to be confirmed but will be set at 2% of net revenue budget, and is currently estimated as around £0.700m). The assistance is usually 85% of any eligible costs over the threshold. Any incident for which assistance is sought must involve conditions, which are clearly exceptional by local standards and the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these initial costs will have to be met from reserves.
- The current economic climate which is having an impact on income levels.
- The continuing financial climate which has seen a reduction in interest rates and Government support to prop up the UK banking industry.
- The risk of major litigation, both currently and in the future.
- Risks in the inter-relation between the NHS and Social Service authorities.
- Unplanned volume increases in major demand led budgets.

- The need to retain a general contingency to provide for any unforeseen circumstances, which may arise.
- The uncertainties surrounding the recovery of monies in Iceland banks.
- The need to retain reserves for general day to day cash flow needs.
- An Increasing deficit on the pension fund.

The effect of base budget changes, the full year effect of previous decisions, corporate priorities, demographic growth and legislative change have been identified and will continue to be identified during the budget and medium term planning process.

The Council has a good track record of delivering the budget. Variations from approved budget since becoming a Unitary authority have been within the range +0.3% to -1.7%. In 2008/09 the Council effectively delivered a breakeven budget, returning a small surplus of £0.010m.

The Corporate Management Team (CMT) continues to review all expenditure and it is being closely monitored by budget managers and by Finance Officers. The Council continues to set Directors a budget variance tolerance of no more than +1% overspend and -2% under spend of their budget allocation for any financial year, and performance against this target is reported to Cabinet as part of the bi-monthly performance and budget monitoring reports.

2009/10 has been an exceptional year in terms of budget pressures and each of the major Directorates are facing potential overspends at year end. National and local high profile media cases has increased the pressure on the children's services budget and there is a potential for further pressures into 2010/11 and beyond following the Southwark judgement which now requires local authorities to take 16/17 years olds into the care system and provide additional services until the age of 25. The throughput of adult social care clients and complexity of clients needs have continued to increase steadily during the year across a range of client groups resulting in additional pressures, and the economic climate continues to affect our income from fees and charges. All Directors have implemented action plans to try to minimise the overspend and there is a general reigning in of non-essential spend, including careful vacancy management. The Council has successfully recovered over £2m from overpaid VAT during the year, and has been awarded £0.258m under the LABGI scheme and whilst current policy is to transfer such sums to reserve to meet future policy initiatives, the use of these monies will be carefully considered in the light of the final position for the year, and medium term forecasts.

The Council has also submitted applications for exceptional Capitalisation Directions totalling £20.8m. At the time of writing this report the outcome is still awaited but if approved the Council would be able to transfer revenue spend to its capital budget, to be financed in part from the VAT shelter and RTB receipts negotiated under the Housing stock Transfer, enabling the Council to better manage its available funds across its revenue and capital budgets.

The medium term financial strategy will outline in more detail the Council's policy on reserves for the period 2010/11 to 2012/13. The Council regularly reviews the

appropriateness and use of reserves throughout each financial year. Where relevant, recommendations for changes are reported to Cabinet on an on-going basis. As a minimum, **all** specific reserves will be reviewed on an annual basis in March as part of the end of year accounting closedown arrangements.

The Council's 'Working Balance' is the revenue reserve that is put aside to cover any significant business risks that might arise outside of the set budget. This reserve has significantly improved over recent years and, as at March 2009, stood at £11.739m, representing just under 6% of net revenue budget. A further transfer to reserve of £0.128m has been allowed for within the 2009/10 budget, with a planned transfer from reserve of £0.350m to support budget spending, leaving an estimated balance at 31 March 2010 of £11.517m.

Taking all the above into account, it is recommended that the Working Balance for 2010/11 should equate to at least 5% of net revenue spend. This is in line with the Council's medium term strategy objective. This is slightly below the Unitary Council average of 6%.

This working balance will continue to be kept under review in the light of the other factors the Council needs to consider in delivering its priorities and in the light of benchmarking.

RESERVES

1. As part of the 2010/11 budget process, a review has been undertaken of the Council's earmarked reserves to identify the purpose of each reserve, and the estimated movement on these balances in 2010. A summary of the estimated movement is shown in Table 1 to this Annex.
2. Approval has been given to transfer the £2m recovered from overpaid VAT to reserve to meet future policy initiatives, subject to the final outturn position for the year. This would increase the total earmarked reserves at 31 March 2010 to £17.248m.
3. In total, current balances are considered to be sufficient to meet existing commitments, and overall, whilst some of the reserves are required to be ring-fenced or do have restricted use, it would be possible to use some of these balances to supplement the Working Balance and support the 2010/11 & future budgets if required, whilst still leaving adequate balances remaining to support existing commitments and unforeseen events which might require financing from these reserves.
4. Whilst, historically, it has been the Council's policy to maintain separate reserves for those services which operated as trading services, (the major ones are On Street Parking, Off Street Parking, Pannier Market), there is no requirement to keep separate reserves for many of these activities. Transfers from these balances to supplement the general Working Balance or support the overall budget have become commonplace and although most of the balances on these reserves have become exhausted, annual transfers to reserves will continue to be made from trading surpluses allowing, an albeit reduced, continued level of support to the general fund.
5. Reserves may also be established at the end of the financial year to carry forward certain unspent balances from the budget to finance the cost of specific commitments which may have slipped over into the following year or for one-off projects. The existing policy is that up to 50% of revenue under spends may be carried forward at year end providing they were declared in the mid year report and that all overspends should be carried forward unless Cabinet determines otherwise.
6. Other reserves held by the Council in the current year include:
 - Corporate Improvement Reserve
 - Capital Financing Reserve
 - Housing Stock Transfer Corporate Impact Team
 - Waste Management Reserve
 - Job Evaluation / Equal Pay
 - Accommodation Reserve
 - Redundancy Reserve
 - Commuted Maintenance Reserves

Further detail of the reserves and their purpose is given in the Annex. Movements to and from reserves are kept under review during the year and an update is included in the mid-year budget monitoring report.

7. Schools Balances

In addition to the reserves detailed in the table, the Council also holds significant balances for schools. Schools are expected to manage within the delegated budgets which are allocated to them and at the end of each financial year schools are required to carry forward any budget variations to the following year. At 1st April 2009, school balances totalled £9.151m (net).

Movement in Reserves

	Estimated Balance as at 31/03/2010	Transfers to Reserves	Transfers from Reserves	Estimated Balance as at 31/03/2011
	£'000	£'000	£'000	£'000
Off Street Parking	0	(1,660)	1,660	0
On Street Parking	0	(1,358)	1,358	0
City Market	(0)	(216)	216	(0)
Commuted Maintenance	(955)	0	18	(937)
Education Carry Forwards	(1,662)	(1,505)	1,575	(1,592)
Taxis	101	(42)	0	59
Street Trading	(104)	0	0	(104)
Land Charges Development Fund	(54)	(35)	35	(54)
Accommodation Reserve	(1,562)	0	250	(1,312)
Insurance Reserve	(1,379)	0	161	(1,218)
Carry Forwards	(1,750)	0	0	(1,750)
Redundancies	0	(552)	0	(552)
DRCP Freedom and Flexibility 07/08 reserve	(1,112)	0	1,112	(0)
Corporate Improvement Reserve	(1,477)	0	1,387	(90)
Capital Reserve	(975)	0	0	(975)
Waste Balancing Reserve	(1,100)	0	0	(1,100)
PFI reserve	(1,801)	0	0	(1,801)
Job Evaluation/Equal Pay	(350)	0	0	(350)
Iceland Bank	(324)	0	0	(324)
Urban Enterprise Fund	(326)	0	163	(163)
Other Reserves	(417)	(92)	187	(321)
Sub Total	(15,248)	(5,460)	8,122	(12,586)
Working Balance	(11,517)	(250)	250	(11,517)
	(26,765)	(5,710)	8,372	(24,103)

() Means favourable

SPENDING PLANS 2009 AND 2010/11

Appendix B

2009/10	Service Description	Gross Expenditure	Gross Income	2010/11 Spending Plans
	<u>Children and Young People</u>	£000	£000	£000
0	Schools	154,902,213	(154,902,213)	0
893,676	Funded Programmes	18,509,420	(17,757,467)	751,953
3,498,224	Performance and Policy	4,177,496	(770,406)	3,407,090
9,351,561	Learner and Family Support	31,608,265	(22,122,416)	9,485,849
11,557,775	Lifelong Learning	31,286,462	(20,898,657)	10,387,805
25,647,565	Social Care	30,950,470	(2,522,342)	28,428,128
100,000	<i>Building Schools for the future</i>	300,000	0	300,000
51,048,801	Total Children and Young People	271,734,326	(218,973,501)	52,760,825
	<u>Corporate Items</u>			
(27,345,544)	Other Corporate Items	5,542,165	(33,160,988)	(27,618,823)
1,600,000	<i>Corporate Items - major projects</i>	3,002,000	0	3,002,000
10,831,005	Capital Financing	26,150,933	(15,233,448)	10,917,485
(14,914,539)	Total Corporate Items	34,695,098	(48,394,436)	(13,699,338)
	<u>Community Services</u>			
70,949,124	Adult Health and Social Care	91,784,470	(19,068,147)	72,716,323
1,840,935	Public Protection services	4,175,613	(2,204,278)	1,971,335
9,800,594	Culture Sport and Leisure	16,219,619	(5,662,437)	10,557,182
22,809,456	Street services	38,658,267	(15,080,892)	23,577,375
1,556,104	Safer Communities	1,613,706	(65,000)	1,548,706
2,932,457	Service, Strategy and Regulati	2,529,423	(44,129)	2,485,294
109,888,670	Total Community Services	154,981,098	(42,124,883)	112,856,215
	<u>Corporate Support</u>			
179,763	Departmental Management	180,005	0	180,005
15,418,293	Finance, Assets & Efficiencies	108,403,755	(93,039,578)	15,364,177
3,126,635	HR Organisational Development	4,021,643	(1,067,308)	2,954,335
6,403,457	ICT information systems	7,138,767	(1,164,963)	5,973,804
2,119,114	Customer Services	2,224,774	(156,908)	2,067,866
5,797,185	Democracy and Governance	6,890,065	(1,070,927)	5,819,138
33,044,447	Total Corporate Support	128,859,009	(96,499,684)	32,359,325
	<u>Development and Regeneration</u>			
1,444,437	Planning Services	3,429,773	(1,972,973)	1,456,800
3,265,818	Strategic Housing	4,751,166	(1,390,060)	3,361,106
597,431	Business Support	627,562	0	627,562
11,903,152	Transport	19,921,524	(7,999,806)	11,921,718
315,265	Waste Management Project Team	1,043,055	(572,000)	471,055
(2,114,660)	Property & Economic Developmen	4,462,642	(6,132,194)	(1,669,552)
15,411,443	Total Development & Regeneration	34,235,722	(18,067,033)	16,168,689
	<u>Chief Executive</u>			
1,480,803	Policy Performance and Partner	1,321,797	(17,500)	1,304,297
565,463	Corporate Communications	667,282	(91,700)	575,582
0	Chief Executive Suspense	0	0	0
2,046,266	Total Chief Executive	1,989,079	(109,200)	1,879,879
196,525,088	Total Council Revenue Budget	626,494,332	(424,168,737)	202,325,595

DIRECTORATE: Children & Young People

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

	2010/11 Base Budget (Inc Corp inflation) £000	Impact of Stock transfer £000	Reduction/increase in previously agreed priorities £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Schools	0					0
Funded Programmes	559		193			752
Performance and Policy	3,407		0			3,407
Learner and Family Support	9,536		109	(159)		9,486
Lifelong Learning	10,538		(530)	380		10,388
Social Care	27,378		(300)	350	1,000	28,428
Building Schools for the future	200		(200)		300	300
	51,618	0	(728)	571	1,300	52,761

*Key actions required to deliver within the Department's allocated budget:

	Lead Officer	Implementation costs			Revenue Savings			Efficiency Saving?	Risk of Delivery
		Start Date?	Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000		
1	ALL AD'S	Apr-2010	Potential Redund Costs	0	100	100	100	Yes	Green
2	Gareth Simmons	Apr-2010	0	0	300	300	300	No	Amber
3	Colin Moore	Apr-2010	0	0	343	343	343	No	Green
4	Maggie Carter	Sep-2010	0	0	22	38	38	No	Amber
5	Maggie Carter	Apr-2010	Potential Redund Costs	0	150	150	150	No	Green
6	Colin Moore	Apr-2010	0	0	80	80	80	No	Amber
7	Colin Moore	Apr-2010	0	0	91	91	91	No	Amber
8	Colin Moore	Apr-2010	0	0	50	50	50	No	Amber
9	Mairead McNeil	Apr-2010	0	0	85	0	0	No	Amber
10	Mairead McNeil	Apr-2010	0	0	133	133	133	No	Green
11	Mairead McNeil	Apr-2010	0	0	0	210	210	Yes	Amber
12	Colin Moore	Apr-2010	0	0	100	100	100	Yes	Amber
13	Mairead McNeil	Apr-2010	0	0	129	129	129	Yes	Green
			-	-	1,583	1,724	1,724		

DIRECTORATE: Community Services

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

Service	2010/11 Base Budget (Inc Corp inflation)	Impact of Stock transfer	Reduction/ increase in	Adding Back	Add New Priorities (C)	Revised Target Budget
	£000		previously agreed priorities (A)	Previously Agreed (B)		
GCOMA Adult Health and Social Care	71,916		(2,400)	1,400	1,800	72,716
GCOMB Public Protection services	1,971		(182)	182		1,971
GCOMC Leisure Culture and Sport	10,117	10	(250)	250	430	10,557
GCOMD Street services	22,606	1,192	(1,358)	1,137		23,577
GCOML Safer Communities	1,549					1,549
GCOMM Service, Strategy and Regulation	3,160	(445)			(230)	2,485
GCOMZ Community services suspense	0					
	111,320	757	(4,190)	2,969	2,000	112,856

*Key actions required to deliver the DMT agreed movements (up to TEN top level action plans): - Not in an order of preference		Lead Officer	Need for Support Services	Implementation costs	Revenue Savings	2010/11	2011/12	2012/13	Efficiency Saving?	Risk of Delivery	
				Start Date?	Revenue £000	Capital £000	£000	£000	£000		
1	Review of admin across the council (anticipated savings in this department)	ALL AD'S		Apr-2010	potential redundancy costs	0	503	503	503	Yes	Amber
2	Review of staffing establishment within specialist teams and occupational therapy services	Pam Marsden		April '10	TBC	0	604	618	629	Yes	Amber
3	Contract Inflation: rate set at Nil for 2010/11	Pam Marsden		April '10	TBC	0	1000	1024	1055	Yes	Green
4	Review of service provision for older people residential care and physical disability day care	Pam Marsden		Oct '10 / Jan '12	TBC	0	176	710	1050	Yes	Amber
5	Domiciliary Care: redevelopment of in-house domiciliary care services to focus on intermediate and reablement reducing dependency on long term high cost packages and care home placements for respite care	Pam Marsden		April '10	TBC	0	250	250	250	TBC	Amber
6	Developing the Personalisation RAS and reshaping block contracts to recognise changes in support services	Pam Marsden		April '10	TBC	0	870	1350	1350	TBC	Red
7	Learning Disability Services: efficiency savings through reviewing day care costs and applying a commissioning framework to ensure consistent unit costs	Pam Marsden		April '10	TBC	0	272	272	272	Yes	Amber
8	Fair Access to Care: to review the current eligibility criteria to ensure more rigorous application plus the full year effect of panels and specific case reviews in 2009/10	Pam Marsden		April '10	TBC	0	1410	1437	1465	TBC	Red
9	Review of Library Service including the School Library Service is underway with a view to identifying future shape of service and levels of delivery. Specifically the School Library service is reliant on a minimum level of buy in to remain viable.	James Coulton		Dec '09	TBC	TBC	40	TBC	TBC	Yes	Amber
10	Leisure Management Review. Outsourcing of management of sport and leisure facilities will seek efficiencies in running the new Life Centre and other facilities	James Coulton		Ongoing	250	TBC	Commercially sensitive			TBC	Green
11	Category Management and Buyer Roll Out. To consider the scope for supporting the corporate roll out within Community Services to drive procurement savings from control of demand, improvements to process in addition to procurement savings	TBC		TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
12	Review of the Crems & Crems delivery model to seek longer term efficiencies.	Jayne Donovan		May '10	1000	0	0	0	190	Yes	Amber

13	Implementation of Kerbside Glass collection to improve recycling and reduce waste disposal costs. Scheme requires capital investment in 2011/12 and 2012/13 to purchase 10 vehicles. Break even and then revenue savings occurring in 2013/14 and beyond. The	Jayne Donovan	Oct '10	321	1530	0	0	146	Yes	Amber
14	Review of the Refuse Collection business model and Associated Garage Operations. This will seek efficiencies whilst maintaining customer satisfaction and also driving improvements to recycling.	Jayne Donovan	Jun '10	1500	0	0	0	647	Yes	Red
			Totals:	3071	1530	5125	6164	7557		

please note that it is a requirement for all departments to produce and monitor action plans to deliver **all of their identified budget pressures. CMT will focus its monitoring attention on the content in this Delivery Plan*

DIRECTORATE: Development Total

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

	2010/11 Base Budget (Inc Corp inflation) £000	Impact of Stock transfer £000	Reduction in previously agreed priorities £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Planning Services	1,517		0	(60)		1,457
Strategic Housing	3,314	97	(150)	100		3,361
Business Support	628		0			628
Transport & Highways	11,346		739	(713)	550	11,922
Waste project	1,921		(1,500)		50	471
Economic development	(1,901)	(159)			390	(1,670)
	16,824	(62)	(911)	(673)	990	16,168

*Key actions required to deliver within the Department's allocated budget:		Lead Officer	Start Date?	Implementation costs		Revenue Savings			Efficiency Saving?	Risk of Delivery	
				Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000			
1	Review of admin across the council (anticipated savings in this department)	ALL AD'S	Apr-2010	potential redundancy costs	0	TBC	TBC	TBC	Yes	Green	
2	General efficiencies across the department incl reductions in consultancy, services & supplies and business support	Gill Peele	Apr-2010	potential redundancy costs	0	342	342	342	Yes	Amber	
3	Streamlining of the LDF through merging of the remaining Area Action Plans and Development Plan Documents and reprogramming of the Core Strategy	Paul Barnard	Apr-2010	0	0	133	150	51	Yes	Green	
4	Implement improvements to the Planning Application Service by introducing a development enquiry service	Paul Barnard	Apr-2010	0	0	55	55	55	No	Green	
5	Rationalisation of the existing on street car parking charging regime, with the combination of ongoing improvements to parking provision, and increasing hourly rates	Clive Perkin	Apr-2010	0	0	85	110	120	No	Red	
6	Rationalisation of the existing off street car parking charging regime, together with a package of investment and service improvements	Clive Perkin	Apr-2010	0	0	110	130	150	No	Red	
7	General savings across all revenue budgets within Strategy, Sustainable transport and Network Management & car parking back office	Clive Perkin	Apr-2010	TBC	0	178	178	178	Yes	Green	
8	Introduce mobile CCTV Enforcement to reduce bus lane and school vicinity parking offences	Clive Perkin	Apr-2010	30	0	20	50	50	Yes	Amber	
9	Following Stock Transfer further clarity on the retained housing service via an initial review has realised some efficiencies, including increasing external funding and income and refocusing services on areas of need - further reviews will release expected efficiencies throughout the year.	Stuart Palmer	Apr-2010	0	0	202	202	202	No	Amber	
						30	0	1,125	1,217	1,148	

DIRECTORATE: Corporate Support

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

	2010/11 Base Budget (Inc Corp inflation) £000	Impact of Stock transfer £000	Reduction/increase in previously agreed £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Departmental Management	180					180
Finance, Assets & Efficiencies	16,512	(1,122)	(66)	40		15,364
HR Organisational Development	3,133	(179)				2,954
ICT information systems	6,685	(712)	(100)	100		5,973
Customer Services	2,132	(64)				2,068
Democracy and Governance	5,992	(173)	(250)	150	100	5,819
	34,636	(2,250)	(416)	290	100	32,360

	Lead Officer	Start Date?	Implementation costs		Revenue Savings			Efficiency Saving?	Risk of Delivery
			Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000		
*Key actions required to deliver within the Department's allocated budget:									
1	Tim Howes	Feb-2010	Potential Redund Costs	0	60	100	100	Yes	Amber
2	Malcolm Coe	Apr-2010	0	0	50	80	100	Yes	Amber
3	JP Sanders	Apr-2010	Potential Redund Costs	0	100	150	150	Yes	Amber
4	Malcolm Coe	Feb-2010	Potential Redund Costs	0	200	300	300	Yes	Green
5	Mark Grimley	Aug-2010	0	0	50	80	80	Yes	Amber
6	Neville Canon	Mar-2010	TBC	TBC	TBC	TBC	TBC	Yes	Red
7	Tim Howes	Apr-2010	Potential Redund Costs	TBC	TBC	TBC	TBC	Yes	Amber
8	JP Sanders	Sep-2010	TBC	TBC	TBC	TBC	TBC	Yes	Red
			0	0	460	710	730		

DIRECTORATE: Chief Executive

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

	2010/11 Base Budget (Inc Corp inflation) £000	Impact of Stock transfer £000	Reduction/increase in previously agreed priorities £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Policy Performance and Partner Corporate Communications	1,304 576		(120)	120	0	1,304 576
	1,880	0	(120)	120	0	1,880

*Key actions required to deliver within the Department's allocated budget:

	Lead Officer	Start Date?	Implementation costs		Revenue Savings			Efficiency Saving?	Risk of Delivery
			Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000		
1	Ian Gallin	Apr-2010	Potential Redund Costs	0	TBC	TBC	TBC	Yes	Amber
2	Ian Gallin	Apr-2010	Potential Redund Costs	0	67	69	71	Yes	Amber
3	Ian Gallin	Apr-2010	0	0	285	287	0	No	Amber
4	Ian Gallin	Apr-2010	TBC	0	60	60	60	Yes	Amber
5									
6									
7									
			0	0	412	416	131		

DIRECTORATE: Corporate Items

2010/11 Revenue Budget DELIVERY PLAN/CONTRACT

	2010/11 Base Budget (Inc Corp inflation) £000	Impact of Stock transfer £000	Reduction/increase in previously agreed £000	Adding Back Previously Agreed £000	Add New Priorities £000	Revised Target Budget £000
Other Corporate Items	(29,213)	3,293	(185)	(621)	100	(26,626)
Capital Financing	11,969	(747)	(2,195)	1,090	800	10,917
Revenue cost - stock transfer	1,000	(992)	(1,000)	0	1,200	208
Area Committee	100		(100)	100		100
Planning application - Bretonside	100		(100)	0		0
Planning application - Civic Centre	500		(500)			0
PFI (Education)	150		(150)	100		100
Pension shortfall	500		(500)			0
Centralised repairs	700		(700)	350	300	650
Care First Project Development					400	400
Corporate redundancy reserve					552	552
	(14,195)	1,554	(5,430)	1,019	3,352	(13,700)

*Key actions required to deliver within the Department's allocated budget:

1	Lead Officer	Start Date?	Implementation costs		Revenue Savings			Efficiency Saving?	Risk of Delivery
			Revenue £000	Capital £000	2010/11 £000	2011/12 £000	2012/13 £000		
During the year we will strive to ensure we achieve the maximum return from our Treasury Management activities. Actions we will take in particular are: * Seek to buy out of Devon Debt to enable more control over the management of the debt in line with our strategy. * Investment Strategy - seek options to increase returns * Minimising borrowing costs by use of internal balances and cash flow surpluses	Adam Broome	Apr-10	TBC	TBC	TBC	TBC	TBC	TBC	Amber
			0	0	0	0	0		

Plymouth City Council Capital Programme - Medium Term Financial Forecast

APPENDIX D

Service	Sub Programme	Latest Forecast 2009/2010 £000	Latest Forecast 2010/2011 £000	Latest Forecast 2011/2012 £000	Latest Forecast 2012/2013 £000	Latest Forecast 2013/2014 £000	Latest Forecast 2014/15 £000	Sum of Full Programme Cost £000
Children's Services								
Strategic Programmes	PFI	2,733	700					3,433
	Multi-Agency Working	100		2,100				2,200
	Secondary Development / BSF	13,919	10,866	7,580	2,918			35,283
	Primary Capital Programme	18,277	5,347					23,624
	Special Education Needs and Inclusion	711	1,001	500	5,500			7,712
	City Development (Section 106 Projects)	9	133					142
	Expanding Popular Schools	100	950					1,050
	Youth / Adult Learning	235	138					373
	School Development: Secondary	938						938
	Removal of Temporary Classrooms: Secondary	65						65
	Condition Works: Primary	59						59
	Removal of Temporary Classrooms: Primary	1,020	1,239					2,259
	School Development: Special Schools	135						135
	Sustainability / Carbon Reduction / Spend to Save	753	428	350	350			1,881
	Surestart / Extended Schools / Children's Centres / Families	523	585	90	90			1,288
	Condition Works: School Development: Primary	425	671	1,000	1,000			3,096
			2,156					
Focused Work	Surestart / Extended Schools / Children's Centres / Families	1,141	1,681					2,822
	14-19 Diploma Gateways & International Baccalaureate	2,184	473	587				3,244
	ICT Projects	702	849	900	900			3,351
	School Meals	788	2,661					3,449
School Led Projects	Children's Social Care	177	310					487
	Other Items	776	560	210	220			1,766
	Condition Bid Programme (formerly Seed)	1,219	615	200	200			2,234
	DDA / Access Bid Programme	75	100	100	100			375
	SEN Placement Commitments in Schools	200	20	20	20			260
Devolved Formula Capital	Other	231	1,226	61	61			1,579
	Special	170	243	155	155			723
	Primary	1,212	2,415	1,799	1,799			7,225
	Secondary	829	1,297	1,697	1,697			5,520
	Nursery	92	25	42	42			201
Devolved Formula Capital Projects	Other	2						2
	Special	45						45
	Primary	1,168						1,168
	Secondary	588						588
	Nursery	1						1
	Planned Modernisation	2	8					10
Completed Programmes: Outstanding Payments	New Opportunities Fund/Big Lottert (P.E. In Sport)	10	100					110
Children's Services Total		53,770	34,641	17,391	15,052			120,854
Community & Neighbourhood								
Environmental Services	Environmental & Regulatory			1,093				1,093
	Parks	151	223					374
	Vehicle Purchases	584						584
Leisure Culture & Sport	Life Centre Programme/Central Park	3,096	28,262	12,149	271			43,778
	Libraries	829	17					846
	Mount Edgcumbe	307						307
	Museums	60						60
	Leisure Pools	1,027	600					1,627
Adult Health & Social Care	Community Care	576	135					711
Community & Neighbourhood Total		6,630	29,237	13,242	271			49,380
Development & Regeneration								
Local Transport Plan	Capital Maintenance	1,356						1,356
	Demand Management	793						793
	Public Transport	2,112						2,112
	Road Safety	203						203
	Safety Camera Partnership	98	78					176
	Walking & Cycling	795						795
	Dft settlement not yet allocated	83	4,802	5,600	6,085	6,525	6,656	29,751
	Northern Corridor - A386	736	6	249				991
Transport - Non LTP	Eastern Corridor	2,524	13,008	4,860			1,000	21,392
	West End	2,928						2,928
	A38 Junction Improvements	50	350					400
Transport - Development Projects	Barbican Landing Stage	12						12
	Stonehouse Regeneration	182						182
	Granby Green	54						54
	Cumberland Gardens	370	18					388
	Alleygates	22						22
	Devonport Street Lighting	373						373
	North Stonehouse		80					80
Devonport Heritage Trail	91						91	
Planning	Planning	164	80	52	34	10		340
Strategic Waste Projects	Recycling		852					852
	Waste	3,024	4,811	2,588	102			10,525
Economic Development	Commercial Developments	1,036	227					1,263
Strategic Housing	Disabled Adaptations		588					588
	HECA Programme Private Sector	418	150					568
	Misc Schemes	100						100
	Partnership & Affordable Housing	294						294
	Private Sector Grants	2,180	1,574					3,754
	Private Sector Regeneration	316						316
Development Projects	Devonport Park	875	2,315	200				3,390
Development & Regeneration Total		21,189	28,939	13,549	6,221	6,535	7,656	84,089
Information Systems	Information Systems	1,087	500	500	500	500		3,087
Legal Services	Legal Services	2						2
Property & Economic Development	Corporate Real Estate	1,352		500				1,852
Corporate Support Total		2,441	500	1,000	500	500		4,941
HRA								
Housing Revenue Account	Decency Standards	4,751						4,751
	Devonport	1,323						1,323
	Disabled Adaptations	401						401
	HRA Capitalised Salaries	520						520
	Major Repairs	996						996
HRA Total		7,991						7,991
Grand Total		92,021	93,317	45,182	22,044	7,035	7,656	267,255

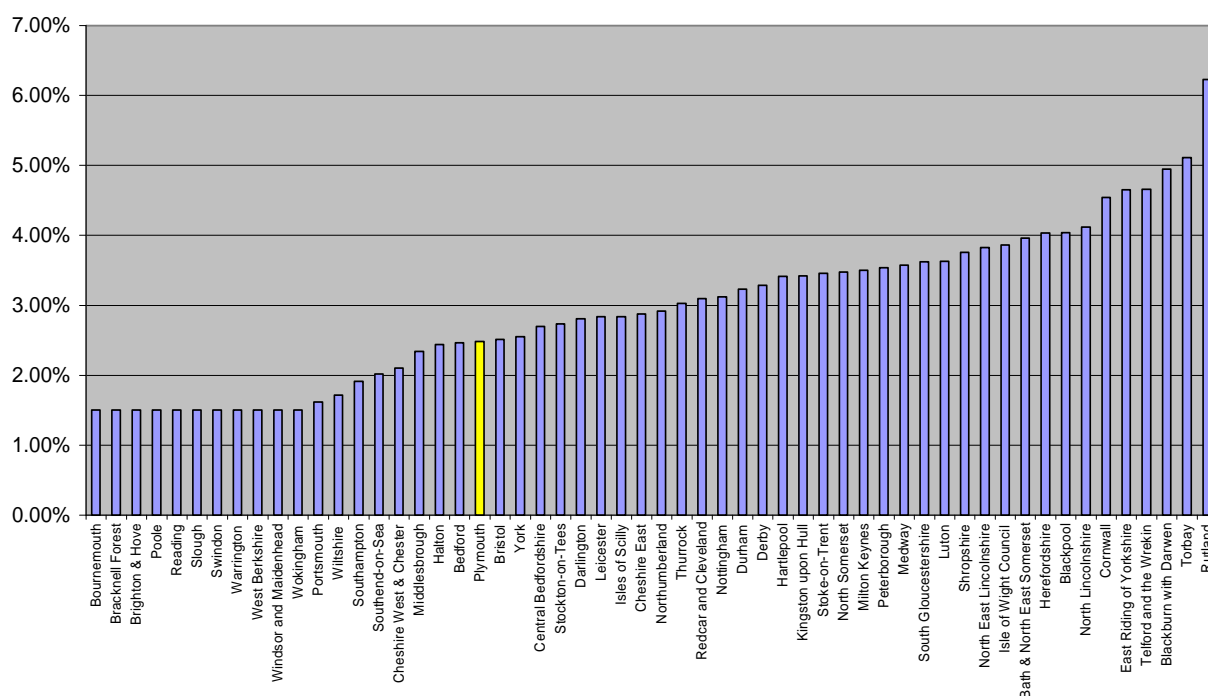
Local Government Finance Settlement 2010/11

Approximately 70% of all the funding for the Council comes from the Government. This takes the form of general formula based grant, referred to as the annual settlement, and a number of ringfenced and unringfenced grants. 2010/11 represents the final year of the three year settlement announced under the Comprehensive Spending Review 2007 (CSR07).

Plymouth's Settlement 2010/11

The annual settlement (formula grant) for Plymouth was confirmed as £106.022m on 21 January 2010, and was in line with the indicative allocations outlined in the original CSR07 notifications. This amount represents an increase of £2.567m or 2.5%. Nationally formula grant was increased by 2.65% but % increases varied between authority types and regions. The increase for other Unitary Authorities is as shown on the graph below.

Formula Grant Increases Unitary Councils



The purpose of the annual formula grant is to support ongoing core services distributed according to formula driven relative need and further details are outlined below.

Methodology

The formula grant allocation remains based on the four block model as outlined below:

- **Relative needs amount** which is based on formulae designed to reflect the relative needs of each authority in providing services with the most important factor being estimated population figures.

- **Relative resources amount**, which is a negative figure and takes account of the fact that areas that can raise more income locally require less support from Government. The overriding factor here is the estimated taxbase for the authority.
- **Central allocation**, which is the remaining element of overall available grant that is shared between authorities on a per head basis. This effectively represents the minimum amount an authority would need to deliver services before adjustments for relative need.
- **Floor damping**, which is the means by which grant increases in excess of a guaranteed minimum are scaled back with resources redistributed to those below the floor, thus ensuring all authorities receive a guaranteed minimum increase. The floor for 2010/11 for upper tier Authorities has been set at 1.5% a reduction from 1.75% in 2009/10. The impact of the dampening mechanism has meant Plymouth has had its grant scaled back by £2.574m for 2010/11.

The data used in the figures for 2010/11 is based on the following:

- Population is based on 2004-based sub-national projections for 2010. For Plymouth this indicates a population of 247,574. This has been increased substantially from previous figures but still remains below latest published census estimates (2007 estimated figure 252,800).
- The Taxbase assumed for 2010 is 80,231 compared to our estimated taxbase of 78,056.

The variance between Government estimated figures and PCC 'actuals' continues to have a detrimental effect on the level of grant received by the City and representations continue to be made to DCLG.

Comparison between Years

Table 1 shows how the grant for 2010/11 compares to the grant for 2009/10

Table 1

	2009/10	2010/11	Net Increase in grant
	£m	£m	£m
Relative Needs Amount	75.302	77.483	2.181
RSG grant adjustment	-0.027		-0.027
Relative Resource Amount	-16.165	-17.485	-1.320
Central Allocation	47.285	48.597	1.312
Floor Dampening	-2.941	-2.574	0.367
Formula Grant	103.455	106.022	2.567

Grants

Non- ringfenced Area Based Grant

Area Based Grant (ABG) was introduced under the CSR07 and is a general grant providing additional funding to areas according to specific policy criteria. It is not ringfenced, and is available to be used for any purpose, including supporting an Authority's partners delivering the Local Area Agreement (LAA). The Government continues to make new grant awards via the ABG mechanism wherever possible.

In 2010/11 the Government support for the Supporting People programme will no longer be made as a specific ring fenced grant but will become part of the Council's ABG and a sum of £8.213m has been included within the confirmed ABG allocation. However the transitional working neighbourhood funding has now ceased (£0.678m received in 2009/10).

The total ABG anticipated for 2010/11 is £21.644m compared to £14.727m for 2009/10.

Specific grants

Specific grants may be either ringfenced or unringfenced. In future specific grants will only be used where justified and will be allocated according, for example to demand, bid and performance. The majority of the grants are determined as part of the sending reviews and allocated to the various Government departments for reallocation to local authorities.

Plymouth expects to receive £185.194m in specific grants, which represents an increase of 0.7% over 2009/10. This includes an indicative allocation of £145.655m of estimated Dedicated Schools Grant (DSG) which is ringfenced for schools type activity. The final amount of DSG for the year will not be confirmed until May 2010. Listed below in table 2 is a summary of the Specific Grants within the Aggregate External Finance allocated to Plymouth, analysed by Directorate. A more detailed analysis of the grants is given in Annex 1

Table 2

SUMMARY	2009/10 £m	2010/11 £m	Increase Above 2009/10 £m
Children's Services	172.770	182.136	9.366
Community Services	9.543	1.527*	(8.016)
Development	1.501	1.531	0.030
Corporate Resources	0	0	0
Corporate Items	0	0	0
TOTAL SPECIFIC GRANTS	183.814	185.194	1.380
Annual increase/decrease			0.7%

* note supporting people now paid via ABG (£8.213m). See comments above.

There are also a number of grants that fall outside of CSR07 allocations. These grants are announced by the relevant Government Departments at various times during the year the, key grants being:

- Learning Skills Council
- Administration Subsidy for Housing Benefit
- Planning and Housing Delivery Grant
- Homelessness Grant

The Council has been awarded £21.443m from the Learning Skills Council. This is for school 6th Forms, Adult Learning and Post 16 Special Education Needs. The responsibilities of the Learning Skills Council will be transferring to local authorities and a newly created Young People Learning Agency (regionally based) from 2010. The governance and accountability issues are currently being considered nationally but in the short to medium term, financial responsibilities for local authorities will be as a 'passporting' body.

The award for housing benefits (admin) is £2.486m.

The remaining grants have not yet been announced.

There are also a number of capital grants which are used to finance the capital programme.

Future Years

CSR07 outlined the Governments spending plans for a three year period ending 31 March 2011. As part of the pre budget report, the Government announced that the next spending review would be delayed until after the general election.

The last two years has seen unprecedented financial times and the worst recession for decades. National debt has soared to £178bn as the Government has stepped in to support the banking industry, the business sector and the public in general eg the reduction in VAT to 15%.

This debt will have to be repaid over the medium to long term. There will be a general election in early 2010 bringing a possible emergency budget, and all national parties have made clear there will need to be tight public expenditure constraints. Authorities, used to seeing an increase in government grant year on year, are therefore anticipating real term grant cuts in future years. The authority has already seen the reduction in both current and future year grant allocations from some of the government departments and agencies such as the RDA.

Our medium term financial plan is being modelled on an assumed grant reduction of -2.5% year on year from 2011/12 but this could be as much as 10%. Against this background, work is also being undertaken on the robustness of the data used within the settlement formula. Changes to the formula can result in wide swings in grant between authorities, with protection afforded to authorities through the 'dampening mechanism' (at the expense of other authorities) although the guaranteed minimum % has been gradually reducing during the last three years. Each +/- 1% of grant equates to approximately £1.06m based on the current grant level.

Specific Grants within Aggregate External Finance				
	09/10 allocation	10/11 Actual allocation	Variance	Comments
	£m	£m	£m	
Community Services				
Supporting People Programme	8.213	0.000	-8.213	Area Based Grant from 2010/11
ASB Family Intervention Project	0.131	0.092	-0.039	Home Office Element
Parenting Practitioner funding	0.050	0.050	0.000	3 year funding
AIDS Support	0.047	0.047	-0.047	Grant amount for 2010/11 to be confirmed
Social Care reform grant	1.007	1.243	0.236	From DOH - New specific grant, first year 2008/09
Stroke Strategy	0.095	0.095	0.000	From DOH - New specific grant, first year 2008/09
Sub total Community Services	9.543	1.527	-8.063	
Childrens Services				
Dedicated Schools Grant	140.166	145.655	5.489	Based on Pupil Numbers. Final allocation for year not known until May 2010
School Standards Grant	7.825	7.924	0.099	Estimate based on 2.1% increase less 1.1% Pupil No. decrease
Diploma Formula Grant	0.328	0.400	0.072	
Standards Fund -see below			0.000	Shown by detailed project (see below & area based grants)
SF1.1 Schools Development Grant	10.606	10.693	0.087	
SF1.2 School Lunch	0.399	0.389	-0.010	
SF1.3 Ethnic Minority Achievement	0.154	0.160	0.006	
SF1.5 Making Good Progress	0.609	1.321	0.712	
SF1.6 Extended Schools Sustainability	0.647	0.911	0.264	
SF1.6a Extended Schools Subidy	0.18	0.977	0.797	
SF1.7 Targeted Support for Primary Strategy	1.023	0.811	-0.212	
SF1.8 Targeted Support for Secondary Strategy	0.596	0.582	-0.014	
SF1.10 Early Years increasing flexibility	0.304	1.203	0.899	
SF1.11 Total Music	0.281	0.278	-0.003	
SF1.12 Playing for Success	0.160	0.16	0.000	Second PFS project from 2009/10 at Mountbatten Centre
SF1.14 KS4 Engagement Programme	0.093	0	-0.093	Estimate based on 2.1% increase less 1.1% Pupil No. decrease
SF1.15 National Challenge	0.357	0	-0.357	Estimate based on 2.1% increase less 1.1% Pupil No. decrease
Surestart, Early Years and Childcare	7.202	8.943	1.741	Surestart EY grant now grouped differently. This is Sure Start Children's Centres, 2 Year olds & Aiming High
Shortbreaks aiming high for disabled children	0.230	0	-0.230	Included in Sure Start above
Youth Opportunity Fund	0.159	0.159	0.000	
Challenge and Support Grant	0.075	0.075	0.000	Indicative figures as per LA circular
Fair Play Playbuilder	0.020	0.013	-0.007	
14-19 Prospectus/CAP		0.011	0.011	New Grant 10/11
IS Index	0.155	0.085	-0.070	Indicative figures 10/11
Right2be cared4	0.133	0.028	-0.105	
Targeted Mental Health in Schools	0.220	0.150	-0.070	Grant finishes 10/11
Think Family Grant	0.643	0.818	0.175	
Youth Crime Action Plan	0.205	0.175	-0.030	Grant finishes 10/11
Generations Together	0	0.200	0.200	New Grant 10/11
Key Stage 2 Career Related Learning Pathfinder Grant	0	0.015	0.015	New Grant 10/11
Sub Total Childrens Services	172.770	182.136	9.366	
Development				
New Growth Points Initiative	0.416	0.416	0.000	Eastern Corridor Development costs
Concessionary Fares	1.085	1.115	0.030	
Sub Total Development	1.501	1.531	0.030	
Total Specific Grants within Aggregate External Finance	183.814	185.194	1.380	