

## CITY OF PLYMOUTH

**Subject:** Joint Performance and Finance Report  
**Committee:** Cabinet  
**Date:** 8 February 2011  
**Cabinet Member:** Councillor Bowyer and Councillor S Leaves  
**CMT Member:** CMT  
**Author:** Sandra Wilson, Corporate Accountancy and Finance Manager, Patrick Hartop, Policy and Performance Officer  
**Contact:** Tel: (01752) (30)4942  
e-mail: sandra.wilson@plymouth.gov.uk  
patrick.hartop@plymouth.gov.uk  
**Ref:** SW/Fin12/10  
**Key Decision:** No  
**Part:** I

---

### Executive Summary:

This report outlines the performance and finance monitoring position of the Council as at the end of the third quarter, December 2010 (to 20<sup>th</sup> January 2011 for capital).

The primary purpose of this report is to detail how the Council is delivering against its key performance indicators in terms of performance, and its financial measures using its capital and revenue resources. It is deliberately strategic in focussing on key areas of performance, expenditure, and risk, and includes under each Departmental Business section a scorecard, incorporating a summary of performance.

At this stage, the Council is forecasting a revenue overspend at year end of £1.964m a reduction on that reported in the September monitoring report (September quarter reported an overspend of £3.342m) against a net revenue budget of £201.825m (1%). The main variations relate to

- Children's Services £1.725m:  
The department continues to experience continuing pressures on the looked after children budget due to increased numbers compared to budget in the Independent Sector Placements in residential Care and in Foster Care. Further modelling of the numbers of children is taking place to predict when diversion from care strategies will bring spend back to budget in order to ensure intervention is targeted in the right areas. Safeguarding is however, paramount. There is also a forecast increase in the cost of transporting children with complex needs, and officers are currently reviewing the children's transport policy and will present options to Cabinet at a future meeting.
- Community Services £0.511m:  
The main reason for the overspend in community services is due to continuing pressures in Learning Disability services relating to long stay residential services

and supported living, and an increase in short stay residential and nursing care. The transformation agenda continues to shape the future of adult social care services in Plymouth. In terms of environmental services an ageing fleet of specialist vehicles has led to an increase in repair costs and increases in subsequent vehicle hire costs. The department is working with external consultants to reclaim a landfill tax rebate which will help to reduce the forecast overspend. It is hoped this will be received in the current year.

- Development £0.111m:  
The department is facing an increased cost pressure of winter highway maintenance following the adverse weather conditions at the end of last year, and increased costs in respect of the waste management project team due to the acceleration of the project.

Directors continue to take action wherever possible to reduce spend and it is anticipated that the overspend will further reduce by year end.

The latest approved Capital Programme for the year as approved by Full Council in December 2010 is £92.179m. This is now forecast to reduce to £77.457m by year end due to reprofiling and other movements on the programme. Actual spend to date (20<sup>th</sup> January 2011) is £48.863m. New schemes totalling £0.075m are to be referred to full Council for inclusion on the programme.

The provisional Grant Settlement for 2011/12 was received on 13 December 2010. The result is a significant reduction in funding over the next two years. The Corporate Management Team is working with the Cabinet to develop a transformational change programme that fundamentally challenges the organisation's culture, structure and approach to service delivery. Further details are outlined in the 2011/12 budget reports.

---

### **Corporate Plan 2010-2013 as amended by the four new priorities for the City and Council:**

This quarterly report is fundamentally linked to delivering the priorities within Council's corporate plan.

---

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

It is intended that the Medium Term Financial Forecast will be updated regularly throughout the year to take account of the variances and pressures identified through the quarterly reports.

---

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

N/a

---

**Recommendations & Reasons for recommended action:**

That Cabinet:-

1. approve Directors addressing the remaining shortfall in 2010/11.
2. note the latest 2010/11 capital forecast of £77.457m and Council be requested to approve that the following new schemes (included in the latest forecast) be added to the programme for 2010/11:

Jennycliff Café environmental works £0.050m  
Market electrical refurbishment (majority to follow in 11/12) £0.025m

3. approve the reinstatement of the Weston Mill cemetery reserve, by a transfer back from the revenue invest to save reserve, totaling £0.071m, to meet the costs of essential improvement works in 2010/11.
4. approve the budget virements as outlined in section 13.3.4 .

---

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

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

---

**Background papers:**

- Plymouth City Council Corporate Plan 2010-13
  - 2010/11 Budget Papers
  - Plymouth City Council Medium Term Financial Strategy – revised October 2010
  - Joint Finance and Monitoring report to 30 June 2010, reported to Cabinet 10 august 2010
  - Joint Finance and Monitoring report to 30 September 2010, reported to Cabinet 16 November 2010
- 

**Sign off:**

Fin	MC1 011. 018	Leg	1078 4/DV S	HR	N/A	AM	N/A	IT	N/A	Strat Proc	N/A
Originating SMT Member: Malcolm Coe, AD Finance, Assets & Efficiencies											

**Plymouth City Council**  
**Performance and Finance Monitoring – 2010/11**  
**Quarter Three to 30 December 2010**

## **1. Introduction**

- 1.1 The Council continues to place greater ownership and accountability on departmental management teams in relation to improving performance and delivering against budget. This report outlines the progress against key performance indicators as well as the financial position for the year as at the end of December 2010 (20 January for Capital).
- 1.2 In line with previous reports, a score card that focuses on the areas of concern and actions being undertaken to remedy any shortfalls in either performance or budget variations, has been included within each Directorate report. This year has seen a focus on the monitoring of delivery plan actions by the departments and this report continues to outline the current position against approved plans.
- 1.3 The departmental scorecards now include key Human Resources indicators, with an overall summary for the Council included in the Executive Summary.
- 1.4 This report contains the following sections and Appendices:-

Section 'A' – Executive Summary - Performance

Section 'B' – Executive Summary - Finance

- Revenue
- Income Summary
- Capital
- VFM

Section 'C' – Executive Summary - HR

Section 'D' – Departmental Performance & Finance Report

- Department scorecards
- Department Budget Delivery Plans
- Department Risk items
- Departmental Medium Term Issues
- Corporate Items and Cross Cutting Issues

Section 'E' - Concluding Remarks

Section 'F' - Recommendations

### Appendices

Appendix A – Finance Monitoring Summary Graph.

## SECTION A - EXECUTIVE SUMMARY PERFORMANCE

### 2. Performance

2.1 A performance summary is provided for departments in a scorecard format along with budget variances. The narrative within the scorecard is intended to provide a high level overview with a focus on explaining corrective action where required. The scorecards use a RAG (red, amber, green) traffic light system to indicate current performance.

RAG rating key:

Budgets			
●	0% - 0.8% overspend / 0% - 1.8% under spend	●	0.8% - 0.99% overspend / 1.8% - 1.99% under spend
●	1% or more overspend / 2% or more under spend		
Measures – an average of all measures that sit within Departments			
●	Indicators are on track	●	the <b>AVERAGE</b> of all indicators is up to 15% off target
●	The <b>AVERAGE</b> of all indicators is more than 15% off target		

#### Key performance issues to note

### 2.2 Development

#### Strategic Housing

The majority of indicators are performing on target for this quarter. The number of licensed multiple occupancy premises inspected is off track with 101 being inspected against a target of 125 as is the number of affordable homes delivered being 97 against a target of 114, nevertheless, we expect to achieve the year end target..

#### Transport

The LTP3 Consultation has now concluded and the long term strategy and 5 year implementation plan for the city's transport infrastructure will now be finalised.

### 2.3 Corporate Support

#### Finance Assets and Efficiencies

Council Tax collection within year is forecast to narrowly miss the target of 96.5% by 0.3%, however, this is still an improvement compared to the 2009/10 collection rates (3rd consecutive year of improved rates). Overall Council Tax collection rates remain on target to achieve 98.8% which is in line with Unitary Council average.

Timeliness of processing housing and council tax benefit is at 22.8 days against a target of 20 days. In order to improve the current situation we will engage internal audit to help monitor our error rates more regularly. We will also undertake a

significant staff and process restructure of the service which will commence following consultation with the Unions this month.

### Human Resources

The percentage of appraisals undertaken across the Council to the end of December reached 94%. The target of 95% is unlikely to be met as there will always be a certain number of staff who are unavailable for their appraisals due to long term sick and maternity leave.

### Customer Services

Our web-based map fault reporting tool 'Plymouth on a Map' has been launched without publicity to ensure the back office process is robust, and is now being used by customers - with lots of positive feedback for its ease of use.

## **2.4 Community Services**

### Environmental Services

The increase in recycling this year, (32.83%) of waste recycled and diverted from landfill at the end of the quarter is lower than the annual target (36%) but is better than at the same point last year. Waste going to landfill continues to reduce (80,395 tonnes currently forecast against an annual target of 85,000 tonnes).

### Adult Social Care

Both indicators relating to Carers receiving needs assessment, review and a specific service and social care clients receiving self directed support continues to perform well. Adults with a learning disability in settled accommodation and employment remains significantly below target and are being monitored closely. Reviews in general are also being given greater focus and activity which will improve performance against these indicators.

## **2.5 Children's Services**

### Social Care

Although performance on a number of indicators has improved, many still remain below target. Initial assessments have improved over the quarter but are still below target, 64.7% against a target of 72.25%. The current number of children in independent residential care is 16 (compared to budget 14).

### Learner and Family Support

Performance against both Special Educational Needs Statements issued within 26 weeks indicators continue to improve and are meeting their targets.

## **2.6 Plymouth 2020 priorities**

Level 1 & 2 indicators have been agreed at the Partnership Board meeting on the 2 December 2010. Three year targets are currently being developed and any gaps

identified at level 2 are now being addressed with final definitions being agreed by 28 January.

- 2.7** Central Government has now released a draft 'Single Data List' for consultation. From April 2011, local authorities will only need to provide data from those listed indicators to central government which will then be open to regular review, scrutiny and challenge. The consultation period for the Single Data List ends on the 4th February 2011.

## SECTION B EXECUTIVE SUMMARY – FINANCE

### 3. General Fund Revenue Budget

3.1 A budget overspend of £1.964m is forecast on the revenue budget as shown in table 1 below. This is an improvement of £1.378m in the period. It is still expected that this will reduce further by year end.

**Table 1**

DEPARTMENT	Latest Approved Budget	Latest Forecast Outturn	Monitoring Variation to 31 December	Movement in Period
	£000	£000	£000	£000
Director for Children and Young People	52,047	53,772	1,725	(114)
Director for Community Services	111,117	111,628	511	(1,039)
Director for Development and Regeneration	16,233	16,344	111	119
Director for Corporate Support	32,565	32,525	(40)	(20)
Chief Executive	2,160	2,119	(41)	(22)
Corporate Items and Capital Financing	(12,297)	(12,599)	(302)	(302)
<b>TOTAL</b>	<b>201,825</b>	<b>203,789</b>	<b>1,964</b>	<b>(1,378)</b>

3.2 As shown in the table, departmental budget variances of £1.964m are forecast at the end of December 2010. Further details of the variations are outlined in the individual Directors reports in Section C of this report. The more significant variations are summarised below:

#### 3.2.1 Children's (Adverse £1.725m):

- Pressure due to Increased in costs of transporting children as previously reported and although reducing, the school catering service continues to project a trading deficit.
- Continuing pressures on the looked after children budget due to increased numbers compared to budget in the Independent Sector Placements in residential Care and in Foster Care. Further modelling of the numbers of children is taking place to predict when diversion from care strategies will bring spend back to budget in order to ensure intervention is targeted in the right areas. Safeguarding is however, paramount.

#### 3.2.2 Community Services: (Adverse £0.511m)

- Continuing pressures in Adult Social Care in Learning Disability services relating to long stay residential services and supported living, and an increase in short stay residential and nursing care.
- Environmental Services – repair and hire cost pressures due to the ageing of the specialist vehicle fleet.
- Work with external consultants, instructed on a no win no fee basis, continues to determine the potential value and timing of a substantial one off land fill tax rebate. It has been assumed that this will be received in the current year.



### 3.2.3 Development (Adverse £0.111m)

- Increased cost pressure of winter highway maintenance for the Transport department.
- Waste Management Project Team have incurred higher costs in 2010/11 arising from the acceleration of the project.

### 3.2.4 Corporate Support (Favourable £0.040m)

- Projected vacancy saving assuming that Pertemps agency staff are used to cover essential vacancies pending restructure.
- Legal fees are lower than budgeted and income recovery has improved.

### 3.2.5 Corporate items (Favourable £0.302m)

- Mainly increased income from Treasury Management

### 3.3 Delivery Plans – Actions at some risk of non – achievement - £2.759m

In setting the budget for 2010/11, departmental delivery plans totalling £9.514m were agreed in order to achieve a balanced budget. Following the announcements of cuts to a number of grants and policy changes by the new coalition Government in July 2010, departments were set a further target to reduce their budgets by an additional £3.985m. Actions to address the additional targets are outlined in the relevant Directorate reports where appropriate.

However, whilst delivery plans may have been identified, an element of the savings proposed have yet to be achieved in full. Progress against each delivery plan action is closely monitored against a RAG rating. Against total delivery plans of £13.499m, £2.759m are rated as either amber or red risk.

Table 2 below summarises the progress against delivery plans as at the end of December by department.

**Table 2 – Delivery Plan Summary**

Department	Budget Book	Additional Savings Targets	Total Delivery Plan Actions	Green	Amber	Red
	£000	£000	£000	£000	£000	£000
Children and Young People	1,583	1,181	2,764	2,248	0	516
Community Services	5,273	1,596	6,869	4,931	1,238	700
Development & Regeneration	1,125	238	1,363	1,058	305	0
Corporate Support	460	820	1,280	1280	0	0
Chief Executive	412	150	562	562	0	0
Corporate Items	661	0	661	661	0	0
<b>Total</b>	<b>9,514</b>	<b>3,985</b>	<b>13,499</b>	<b>10,740</b>	<b>1,543</b>	<b>1,216</b>

## 4 Income Summary

4.1 The position on income collection across the Council as at 30 December 2010 is shown in table 3 below:

**Table 3**

Type of debt	AE Quartile	Budgeted income 2010/11	Year to date Actual % 2009/10	Year to date Actual % 2010/11	Achieved % 2009/10	Year end Target % 2010/11	Year end Projected % 2010/11
Council Tax	4	£93m	80.7	81.4	95	96.5	96.3
NNDR	2	£80m	83.9	87.1	96	97.5	97.5
Sundry Debt	n/a	£49m#	90.5*	92.5^	96^	92.5	92.5^
<i>Commercial Rent</i>	n/a	£5m#	87*	94.6^	98^	90	90^
<i>Trade Waste</i>	n/a	£1m#	93.5*	99.6^	99^	94	94^
<i>Adult Residential Care</i>	n/a	£9m#	91.7*	93.3^	95^	94	94^

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

^ Does not include debt which has been raised in the last 30 days

\* Estimated

### 4.2 Council Tax:

Cumulative collection at the end of December is £75.7m (81.4%) against a target of £76m (81.7%) a shortfall of £233K (0.25%).

**Year to Date:** Collection is £650K (0.7%) ahead of the same point last year with projected collection for 2010/11 of £89.6m (96.3%) based on current performance. A projected shortfall of £186K.

### 4.3 NNDR:

Cumulative collection at the end of December is £69.7m (87.1%). On target to collect £78m (97.5%).

### 4.4 Sundry debt:

Collection at the end of December is £33.8m (92.5%) against debt raised of £36.6m since 01 Apr 10.

**Year to date:** Collection is an estimated £980K (2%) ahead of the same point last year with projected collection for 2010/11 at £45.3m (92.5%) based on current performance.

## 5. Capital Programme

- 5.1 The latest approved capital budget for 2010/11 is £92.179m which was approved at Full Council on 6 December 2010. The current revised 2010/11 forecast spend is £77.457m and actual expenditure to 20 January 2011 is £48.863m, representing 63.1% of the latest forecast.
- 5.2 Table 4 shows the movement in the approved programme since the last quarterly report and the full Council report.

**Table 4**

	Original Approved Budget incl Slippage	Latest Budget Approved at Dec 2010 Full Council	New CDB recommended Approvals	Re-Profiling	Variations	Latest Forecast as at 20 Jan 2011
	£000	£000	£000	£000	£000	£000
Children & Young People	38,488	34,357	0	(3,648)	50	30,759
Community Services	29,029	25,770	50	(5,606)	(2)	20,212
Corporate Support	820	3,232	0	(589)	15	2,658
Development & Regeneration	31,604	28,820	25	(5,054)	37	23,828
<b>Total Capital Monitoring</b>	<b>99,941</b>	<b>92,179</b>	<b>75</b>	<b>(14,897)</b>	<b>100</b>	<b>77,457</b>

- 5.3 Details of the more significant monitoring variations, reprofiling and new approvals are outlined below:

### £000

#### **New Capital Delivery Board Approvals**

- 50 Jennycliff Café - installation of a self-contained sewage treatment plant at Jennycliff Café The project will generate significant savings against the current cost of operating temporary Toilet and Sewerage facilities.
- 25 City Market – Essential electrical system replacement works required to existing service installations to be funded from unsupported borrowing. The majority of the scheme will be completed in 2011/12 at a provisional scheme cost of £1m.

#### **Variations over £100,000**

- (276) Estover Campus – The total scheme costs have been reviewed in the light of progress to date and the contingency budget has been reduced.
- 261 Playbuilder Projects – The Playbuilder programme has been realigned following confirmation of central Government funding. The confirmed total represents an increase over previous indications from the DfE.

### **Re Profiling**

- (145) Compton Primary, Replacement of Temporary Classrooms – The project started on site later than originally intended due to delays in letting the contract.
- (500) High View Primary, New School – Reprofile is based on an updated cash flow projection from the contractor. The project remains on build schedule.
- (363) Hospital School (Outreach Centre), New Building – Works have now started on site and an updated schedule has been received from the contractor which has indicated that work will now be completed in the new financial year.
- (300) Kitchens (various schools)
- (121) Longcause Sports Hall – Updated cashflow following the original contractor going into liquidation.
- (2,108) Devolved Capital – total reprofiling, representing anticipated carry forward of grant managed by schools. DfE stipulates that this grant must be delegated (via a specified formula) for local management by schools, which includes the option to carry monies forward for up to 3 years.
- (600) Devonport Park - Prolonged adverse weather during December has resulted in a four week delay to path work and landscaping.
- (852) Materials Recycling Facility - Project now reprofiled into 2011/12 pending future developments.
- (1,258) East End - The construction of the retaining walls along Gdynia Way and Elliott Road Bridge has taken longer than originally programmed, which has had an impact on when the Phase Two works commenced.
- (1,204) Capping works at Chelson Meadow - Reprofile arising from site clearance issues now resolved through court action.
- (250) Disabled Facilities Grant - Following the Local Government Finance Settlement, the Housing Service is facing pressures on its future capital programme. It is proposed to carry forward funding from 2010/11 by managing the delay of non mandatory schemes, in order to develop the most viable programme to meet mandatory housing needs over the next 3 years.
- (197) A386 George Junction - The District Valuer is reviewing 177 compensation claims and it is estimated that only some of these will be settled in 10/11.
- (172) Empty Homes / Enabling Schemes – Slippage into 2011/12.
- (279) Transport - various section 106 funded works.
- (211) Strategic Housing – Other projects including Home Energy Saving and Decent Home Loans.
- (589) Accommodation Strategy - Due to the interest in the sale of the Civic Centre and potential bids that have started to be formulated around the sale, the expenditure rate and time frame of the accommodation strategy has changed. This is therefore the Project Officers review and latest cashflow of works realistically likely to be carried out in 2010/11.

- (5,044) Plymouth Life Centre - The Construction works for Section One are progressing five weeks later than the revised Completion Date (10/10/11), due to poor weather conditions. The contractor has implemented a number of mitigation measures in connection with such and is currently assessing impact on the forecast Completion Date. A current estimate would indicate completion of Section One on 14/11/2011.
- (468) Plympton Library - delay due to enforced change of procurement route.
- (76) Springhill (Ham & Peverell Play Improvements)

5.4 Actual Expenditure at 20 January 2011 was £48.863m as shown in table 5.

**Table 5**

	Latest Forecast 20 Jan 2011	Actual Spend to 20 Jan 2011	Spend as % of Latest Forecast
	£000	£000	%
Children & Young People	30,759	21,815	70.9%
Community Services	20,212	11,397	56.4%
Corporate Support	2,658	860	32.4%
Development & Regeneration	23,828	14,791	62.1%
<b>Total Capital Monitoring</b>	<b>77,457</b>	<b>48,863</b>	<b>63.1%</b>

5.5 Funding:

The capital schemes for the latest 2010/11 forecast are estimated to be funded as follows:

**Table 6**

Funding Source	£'000
Capital Receipts	4,127
Unsupported Borrowing	12,756
Supported Borrowing	8,089
Grants, Contributions & S106	50,659
Revenue & Funds	1,826
<b>Total</b>	<b>77,457</b>

5.6 Invest to Save Projects

The programme already includes the Accommodation Strategy at £6.450m profiled over the next few years. This report recommends the Jennycliff Café scheme £0.050m as a new 'invest to save' project to the 2010/11 approved programme. The budget report also included on this agenda refers to the position on other potential invest to save schemes.

## **6. VFM Statement**

### **6.1 Measuring and reporting Value for Money gains**

The Authority continues to encourage initiatives for identifying VFM efficiency gains with good success. With the demise of the National Indicator reporting requirement the channel and accountability for reporting of efficiencies within the Council has now changed. The internal reporting of efficiencies has continued to improve across the Council through a monitored VFM programme which is focused on benefit delivery through the Budget Delivery Plans for each Directorate. The programme has ensured that governance of the VFM monitoring process has been enhanced and ensures that gains are challenged before inclusion, thus ensuring compliance with good practice. Discussions are being held between Finance and VFM teams to identify how this approach can be further refined for 2011/12 in order to ensure that our customers and clients feel that we provide Value for Money and an update on how this will be developed will be provided in the next report.

### **6.2 VFM Programme**

The VFM programme of major projects is continuing to identify considerable cross-Council efficiencies and these include:

#### Procure 2 Pay

This project aims to deliver better control of expenditure across the Authority through development of a more efficient and effective purchasing process. Centralised buying through professional and trained buyers is a key area of current development and is progressing well.

#### Order to Cash/Debtor Management

This project aims to improve cash collection and standardise debtor management processes across the Council.

#### Single Point of Contact (SPOC) for Corporate Support

This project has been initiated to improve the access to the services provided for internal customers of Corporate Support areas through provision of a single point of contact.

## **SECTION C – EXECUTIVE SUMMARY – HR**

### **7. HR Summary**

- 7.1 The total wage bill for the Council (including on-costs) is around £130million. Each year the Council's budget includes a savings target of 3% for 'vacancy savings' which is naturally achieved from vacant positions and natural wastage/turnover.
- 7.2 HR indicators have been introduced for establishment, sickness and agency spend and details are now included on the departmental score cards. This section summarises the position across the Council as a whole, excluding schools.

At the end of the quarter there are;

- 3699.3 FTE employees against the budgeted establishment of 4603.2 FTE positions
- Agency Spend was 0.52% of the monthly wage bill
- Sickness – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the quarter are 5.76 working days per FTE for this financial year to date (April – December 2010) and 9.02 working days per FTE for the last rolling 12 months

7.3 The Council aims to reduce the direct and in-direct costs of the workforce through:

- Natural wastage / turnover
- Planned retirements / use of temporary contracts
- Recruitment controls and improving redeployment opportunities
- Reducing the overheads of the workforce (direct and indirect)
- Negotiated workforce reductions
- Modernisation and workforce re-modelling
- Maintaining capacity and improving productivity (which will also require some investment from the Council in skills, training and support)
- Reducing the overall size of the workforce

7.4 Redundancies:

- At the end of December, 17 Council staff had received a redundancy payment, with the total paid being £264,204, of which £143,963 is in respect of pension strain payments payable to the pension fund. The costs will be met from the redundancy reserve
- A further £229,164 has been paid in respect of schools based staff with these payments being met from the central allocation of the Direct Schools Grant (DSG).

## **SECTION D – DEPARTMENTAL PERFORMANCE & FINANCE REPORT**

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





#### **8.1 General Fund Revenue Monitoring – Forecast is an overspend of £1.725m**





The latest forecast is £53.772m compared to a revised net budget of £52.047m and represents an adverse forecast year end position of £1.725m, or 3.31% against latest approved budget.

Further explanation is reported in the scorecard.



# Children & Young People Services Quarterly Budget & Performance Report

Monthly Service Budget	Performance	Comments
		<p>The latest forecast for Children's Social Care shows a reducing overspend of (£0.211m) resulting in an forecast year-end overspend of £1.749m arising from significant pressures around Children in Care placements, Parent &amp; Child Assessments and the additional cost of Legal Agents within the care process. Interventions to review care placements for effectiveness is reducing the overall numbers of children in care to 397 with the number of Children subject to a Child Protection Plan also decreasing, to 338. The current number of children in independent residential care is 16 (compared to budget 14). Whilst placement moves have increased slightly our aim is not to move children between placements unnecessarily (which impacts upon 3+ placements moves (NI062)). There are mixed results for the youth offending service - good performance in relation to re-offending and court disposals but an increased number of first time offending young people during quarter two (99). Whilst performance is currently on target, the focused Police work in Plympton has resulted in more first time offenders. Joint 'prevention' work is currently being undertaken to try and address this.</p>
		<p>The Performance &amp; Policy budget is reporting a net year end forecast underspend of (£0.343m). Commissioning, Planning and Performance have put delivery plans in place to reduce costs in order to deal with the departmental overspend which has resulted in increased savings within the quarter of (£0.214m). Our Young People substance misuse and Teenage Pregnancy partnerships are currently reviewing activity in response to financial pressures being experienced by Partners. Key activity focusing on relationship and sex education, access to contraception and prevention and early intervention continue and remain the key priority areas for activity. The latest official data for Q3 (2009) reports a drop from Q2 of 4.4 to 44.8 per 1000 girls(15-17). This represents a drop from the 2008 year end of 3.8. This drop has closed the gap between the Plymouth rate and the England average rate. Outturn data for 2009 is due in February 2011. For planning comparisons, the local proxy data (from Derriford Hospital) reported 258 conceptions in 2008/09 with a reduction to 238 in 2009/10. The data for 2010/11 up to August 2010 projects a further drop of around 24% to 180. We clearly need to be cautious given the diverse range of factors that can affect the conception rate but performance outcomes for the official outturn data looks promising.</p>
		<p>The latest <u>Lifelong Learning</u> budget reports a favourable year end forecast variation of £0.269m which results from the achievement of delivery plans and the continued drive to achieve departmental savings. Performance is positively reflected in the high number of green rated measures. Work is ongoing to improve performance in children in care attainment and 16-18 year olds not in education, employment or training.</p>

Monthly Service Budget Performance	Comments
	<p>The latest forecast shows a net forecast overspend of £0.588m mainly due to:</p> <ul style="list-style-type: none"> <li>• <u>Pupil Access Services</u> Transport - £0.506m forecast overspend mainly due to the increase in complexity of children requiring transport. Many children now require 1:1 support in taxis rather than on minibuses which has increased the number of routes operated and the number of passenger assistants. An ageing minibus fleet is also increasing the cost of vehicle maintenance. Officers are currently reviewing options for changes in transport policy with a view to reducing costs.</li> <li>• <u>Schools Catering Service</u> - forecast deficit has been further reduced to £0.150m as a result of continued increased take-up of primary school meals, improved efficiency in the use of food and the reduction of overtime. There has been a significant increase in the number of free schools due to the economic climate.</li> <li>• <u>Integrated Disability Service</u> -Forecast pressure has increased by £0.073m due to unforeseen housing adaptations of £0.052m and a £0.021m reduction in expected grant funding. The pressure of £0.366m which mainly relates to direct payments and short breaks has been partially offset by the use of the Aiming High for Disabled Children grant, bringing the net overspend of the service to £0.139m.</li> </ul> <p><u>LFS Management</u> -Forecast overspend of £0.178m resulting from fewer vacancy savings has reduced to £0.110m as a result of ending secondments and ceasing all non essential expenditure. Performance is positive as reflected in the RAG rating. We now have no RED ragged performance measures. This is due to focused work in key areas and successful delivery of actions plans, particularly in our SEN teams. Performance reported in Q3 sees both Statements issued within 26 weeks measures meeting their targets. In addition, up-take of school lunches in both the primary and secondary sectors are increasing and we anticipate that publicity campaigns, new menu's and event days will have a positive impact on awareness and uptake improving performance further.</p>
	<p>Quarter 3 - 2010 monitoring of the DSG indicates the forecast pressure of £1.770m has reduced to £0.236m due to the achievement of delivery plans developed to limit the level of overspend carried into 2011/12 and savings on expected prudential borrowing costs. The pressures are mainly due to the increased cost of special educational needs allocations to schools, independent special school placements and the early year's free entitlement resulting from the increased birth rate. Although the Councils general fund is not directly affected by the adverse position on the DSG, budgetary pressures on Schools could impact on various performance indicators.</p>
	<p>There are no material financial variations to report at this stage.</p>
<p>Human Resources</p> 	<p>HR indicators have been introduced for establishment, sickness and agency spend. The rating is the average of all three. At the end of the quarter there are;</p> <ul style="list-style-type: none"> <li>▪ 1183.2 FTE employees against the budgeted establishment of 1561.9 FTE positions as help on SAP</li> <li>▪ Agency Spend was 0.45% of the monthly wage bill</li> <li>▪ Sickness – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the quarter are 7.12 working days per FTE for this financial year to date (April – December 2010) and 11.08 working days per FTE for the last rolling 12 months.</li> </ul>

## **8.2 Key High Level Risks**

- Achieving financial performance within Children Social care budget delivery continues to be a challenge whilst ensuring that safeguarding issues are not compromised
- Reducing the number of Court ordered Parent & Child assessment placements.
- Continual recruitment of experienced Social Work staff in order to provide a robust service.
- Meeting increasing demand and delivering financial savings within Dedicated Schools Grant direct schools spend and central expenditure
- Addressing the issues associated with changes to the level of grant funding contained in the budget

## **8.3 Departmental Medium Term Financial issues**

The key medium term issues for the department are:

- Maintaining front line services during a financially challenging climate, in particular the significant level of grants funding frontline services.
- Achieving the Delivery Plans
- Integration with Health partners
- Impact of schools becoming Academies

## **9. Community Services**






### **9.1 Community Services Forecast is an overspend of £0.511m**






The latest forecast is £111.628m against a revised budget of £111.117m, and represents an adverse forecast year end variance of £0.511m or (0.46%) against latest approved estimate. This is an improvement of 1.039m during the period.

Further explanation is reported in the scorecard.

# Community Services Quarterly Budget & Performance Report

1/2

Monthly Budget	Performance	Comment
		<p><b>Safer Communities - Responsible AD: Pete Aley</b>            Overall, the net year end forecast underspend has increased by £0.045m from £0.035m at the end of quarter 2 to £0.080m at the end of quarter 3. The variation is due to a further £0.023m vacancy savings and identifying £0.022m curtailing spend against projects to achieve higher savings.</p> <p>Violent crime levels are falling - up to the end of December 2010, there were 75 fewer crimes recorded when compared to the same period in 2009/10. This includes reductions in both serious violence (of 9 crimes to a total of 266) and less serious violence (of 66 crimes to 1775). We remain on target to reduce less serious violence by 10.6% over three years. However when compared to similar cities we are not performing so well on serious violence. Therefore, working with the police and other partners, we are focusing on prevention, early intervention and enforcement. Overall crime levels in Plymouth remain low compared to similar cities and we are best amongst similar cities for low levels of acquisitive crime.</p>
		<p><b>Environmental Services - Responsible AD: Jayne Donovan</b>            Overall, the net year end forecast has reduced from £0.578m overspend at the end of quarter 2 to £0.504m underspend at the end of quarter 3. The favourable variation in the period is mainly due to a possible landfill tax refund of £0.900m paid for Chelson Meadow landfill tonnages. The department is working with external consultants on the claim to HMRC. The remaining favourable variation in the period can be largely attributed to the settlement of an outstanding legal case involving the Taxi trade accounts within Public Protection Services. However, vehicle repair and maintenance costs are increasing due to an aging fleet and the high cost of specialist repairs. Income from Trade Waste continues to be lower than budgeted despite making a small surplus of £0.029m.</p> <p>A series of events took place during the quarter to encourage more recycling including the promotion in particularly poor performing parts of the city, plus promotional events over the Christmas period aimed at recycling excess waste including Christmas trees, wrapping paper and glass bottles. Despite the increase in recycling this year, the percentage (32.83%) of waste recycled and diverted from landfill (NI192) at the end of the quarter is lower than the annual target (36%) but is better than at the same point last year. Waste going to landfill continues to reduce (80,395 tonnes currently forecast against an annual target of 85,000 tonnes).</p>
		<p><b>Business Support – Responsible AD: Pete Aley</b>            £0.060m net overspend which has been offset against additional departmental delivery plan actions of £0.465m which is a good news story as this has protected front line services in the department from further pressures</p>

Monthly Budget	Performance	Comment
		<p><b>Adult Social Care - Responsible AD: Pam Marsden</b></p> <p>Net year-end forecast underspend for December is £0.225m reflecting a net saving of (£1.104m) since Quarter 2. This reflects an increase in costs associated with residential and nursing care for older people offset by a reduction in community based services and staffing costs.</p> <p>Self-directed support (NI130) stands at 25.8% against a December target of 23% and we are one of the highest performing authorities in the South West. Our implementation plan for service transformation in 2011-12 will focus on testing and rolling out significant organisational change involving all frontline staff. The aim is to ensure the new way of working is fully implemented by April 2012 and we would expect to achieve the new national milestone of full delivery of personal budgets by 2013. Carers performance (21.4%) is above target for December (18%) following data validation which has led to an improvement in performance. Learning Disabilities indicators linked with employment (NI146) and settled accommodation (NI145) are both currently under-performing. However, those currently in employment have been identified and will be reviewed in order for the target of 5.9% to be reached by the end of the financial year. Reviews in general (1_AAC) are also being given greater focus, activity which will improve performance against these indicators.</p> <p>The level of absence in ASC is considered a priority and the service has in place a number of actions to address the issue. These include monthly absence reports for the departmental management team, 3<sup>rd</sup> and 4<sup>th</sup> tier managers; follow up of the 'top 100' sickness cases and training for all 3<sup>rd</sup> and 4<sup>th</sup> Tier managers.</p>
		<p><b>Culture, Sport and Leisure - Responsible AD: James Coulton</b></p> <p>Overall, the net year end forecast overspend has reduced from £0.128m at the end of quarter 2 to £0.057m at the end of quarter 3. This is mainly due to an overall net reduction in utilities costs across Leisure facilities, slippage of £0.057m Leisure Management project costs into 2011/12 identified against a different project profile with only two bidders and a spring 2011/12 contract start date, offset by a £0.023m worsening commercial trading position within Mount Edgcumbe identified at final closedown of the operations.</p> <p>Management actions to ensure a balanced budget for Mount Edgcumbe in 2011-12 have been endorsed by the portfolio holder and agreed by the Mount Edgcumbe Joint Committee.</p> <p>Final tenders for the leisure management contract will be received by 28<sup>th</sup> January and the preferred tender recommended to Cabinet in March. The Plymouth Life Centre is behind schedule due to adverse weather over the Christmas period, but work is underway to make up for lost time. Following England's unsuccessful World Cup bid (announced in December), the World Cup consortium has now ended.</p>
<p>Human Resources</p> 		<p>At the end of the quarter there are 1286.2 FTE employees against the budgeted establishment of 1593.5 FTE positions as held on SAP. Agency Spend was 0.80% of the monthly wage bill. Sickness levels at the end of the quarter are 10.31 working days per FTE for this financial year to date and 15.06 working days per FTE for the last rolling 12 months (corporate average 9.02 working days lost in rolling 12 months) against an annual target of 7 working days per FTE equivalent. Mitigation comments are included in service comments above.</p>

## 9.2 Key High Level Risks

The key financial risks during 2010/11 across Community Services are summarised below.

- Offsetting the residual in year budget reduction and reducing spending to deliver a balanced budget continue to be a significant challenge
- Achieving Adult Social Care Delivery Plans and associated budget reductions without compromising safeguarding issues and ensuring sufficient scope to develop the market successfully to meet the requirements of the personalisation agenda
- Growth in demography and increasing levels of long term care needs for high dependency within Adult Social Care
- Impact on social care of the Primary Care Trust QIPP efficiencies
- Negotiations with Health Partners will be key in ensuring recent in year health social care funding opportunities announced in the financial settlement are targeted against the most effective activities and services
- Environmental Services - Managing expectations of enhanced level of service against the current budget, particular in the service area of Waste Collection Street Scene
- Mount Edgumbe – a projected overspend has been highlighted to the Joint Committee with officers of both constituent authorities working to present options to reduce the overspend and publish a balanced business plan for the future

## 9.3 Departmental Medium Term Financial issues

The key medium term issues for the department are:

- Maintaining front line services during a financially challenging climate, in particular where reductions in grants will impact upon expenditure in front line services and a diverse range of delivery plans will require implementation over a short period of time.
- Achieving the challenging Adult Social Care Transformation with reductions without compromising safeguarding issues.
- Growth in demography and increasing levels of long term care needs for high dependency
- Integration with Health partners and negotiating health social care funding announced in the recent financial settlement
- Municipal Waste Management Strategy (MWMS) identified that waste management costs would increase significantly due to the need to procure a waste disposal facility. This equates to £8m per annum (2011-2013), reducing to a £6m annual increase (2014-2039).
- In the short term, the Authority also faces additional budgetary pressures to implement new recycling initiatives, buy LATS credits, fund increased landfill tax (£8 per tonne each year), and fund contributions to the 'balancing fund' account created to meet the £215m shortfall.
- Increased costs associated with an ageing fleet of vehicles.

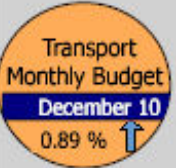
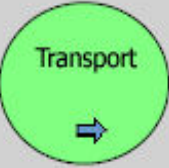



## **10. Development and Regeneration**

### **10.1 Development and Regeneration – Forecast Overspend spend of (£0.111m) (0.68%)**

The latest forecast is £16.344m against a latest approved budget of £16.233m, representing a forecast year end overspend of (£0.111m) (0.68%).

Further explanation is reported in the scorecard.

## Development Quarterly Budget & Performance Report

Budget	Performance	Comment
		<p>The net adverse variation of £112k is mainly due to the increased cost pressure of winter highway maintenance partly offset by savings in other areas of the budget.</p> <p>The Transport &amp; Highways Partnership continue to deliver the winter maintenance programme effectively despite the harsh weather and are investigating alternative methodologies to improve value for money. The East End Transport Scheme continues to be delivered and is still programmed for completion in November 2011.</p> <p>The LTP3 Consultation has now concluded and the long term strategy and five year implementation plan for the city's transport infrastructure will now be finalised</p>
		<p>There are no material financial variations to report at this stage. This is a small support team.</p>
		<p>The net adverse variation of £50k relates mainly to reduced commercial rent income due to the economic climate.</p> <p>The reshaped service is focussing on developing new strategic partnerships that will rebalance the economy, drive forward investment and attract new visitors to the city.</p> <p>The LSP Wealthy Theme Group has reviewed the Local Economic Strategy and confirms that it remains sound. Five themed groups have been set up; Business, Skills, Centres, Participation, Leadership. Each has a private sector lead person who will help drive forward the core components of the LES and the specific initiatives across the city.</p> <p>The concept of the Devon, Torbay and Somerset Local Economic Partnership is in the first round of proposals; this will be led by the business sector and is expected to go to Government during February 2011 for consideration.</p> <p>Outcome measures for the growth priority are now being finalised with the minor tweaking of words.</p>



Budget	Performance	Comment
		<p>Notwithstanding considerable adverse variations arising from a significant projected shortfall in building control fee income, the Service is forecasting a net favourable variation of £84k. This is because of proactive income generation initiatives, a robust approach to driving out efficiencies and delivering savings, and reprogramming of the Local Development Framework.</p> <p>Progress with the delivery of affordable and net additional homes is on target. The service is working up other measures that will support the Council's commitment to the Growth Agenda.</p>
		<p>Strategic Housing is showing a balanced net budget position through prompt management action to manage in year pressures of £200k This has been through a mix of reducing non essential spend, vacancy management , driving efficiencies and income, and charging directly related expenditure to capital on a non-recurring basis.</p> <p>Overall most indicators are performing to target including those covering energy efficiency, homelessness and fuel poverty. There is an increase in homeless presentations, but we are maintaining prevention targets. New affordable homes targets are projected to deliver to target, bringing in the £40m inward grant and match of an equivalent private sector amount to construction in the city. We are negotiating further funds based on slippage from failing schemes across the country to deliver key projects.</p> <p>Capital grants for next years mandatory and essential private sector housing programme work rolling on from 2010/11 have not been clarified. Management action has been to slow non essential and discretionary spend to re-think this years programme. We expect this to realise slippage (from specific grants received in 2010/11) which will need to continue mandatory and essential work in 2011/ 12. Priorities will be agreed through the Housing Strategy Conference.</p>
		<p>The net adverse variation of £33k is due to higher costs in 2010/11 arising from the acceleration of the project.</p> <p>The South West Devon Waste Partnership has received and evaluated final tenders and has selected MVV Umwelt as its preferred bidder. The Partnership is on target to meet the accelerated programme i.e. sign contracts by 31 March 2011 (from 31 May 2011) subject to receiving approval from each partner Council in February and Defra in March. It is anticipated at this stage of the financial year that any resource implications arising from the accelerated programme should be manageable within the overall budget when 2011/12 funding is taken into account.</p> <p>As at the end of December 2010, residual waste to landfill continues to fall and the Council has landfilled 6,692 tonnes less biodegradable waste than the permits held and is within target. It is estimated that the Council will landfill 6,800 tonnes less biodegradable waste than its total holding of Landfill Allowance Trading Scheme (LATS) permits by the end of Quarter 4. These surplus permits can be carried over to 2011/12 to meet future LATS obligations.</p>

Human Resources



HR indicators have been introduced for establishment, sickness and agency spend and the rating is the average of all three.

At the end of the quarter there are;

- 332.8 FTE employees against the budgeted establishment of 378.8 FTE positions
- Agency Spend was 0.33% of the monthly wage bill
- Sickness – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the quarter are 7.36 working days per FTE for this financial year to date (April – December 2010) and 11.29 working days per FTE for the last rolling 12 months.

NB: Please note that the establishment figures exclude the Devonport Regeneration Community Partnership (DRCP); however the sickness figures are inclusive of the DRCP.

## **10.2 Key High Level Risks**

- Heavy reliance on income generation which is affected by market forces e.g. car-parking
- Direct and indirect implications of cessation/reductions in Government grants (Rev & Cap)
- Revenue costs of developing schemes not always chargeable to capital
- Requirement to invest to develop schemes which are 'ready to go' when the economic situation improves as growth is a key priority for the Council
- Some previously recurring grants have been utilised to cover the cost of core service provision e.g. New Growth Points funding

## **10.3 Departmental Medium Term Financial issues**

- Reduced funding for Housing capital grants will affect the affordable housing programme as Private Sector Housing Grant funding has been removed. Disabled Facilities Grant funding has been significantly reduced. The impact on capital and revenue is currently being assessed.
- Resourcing a long term growth agenda rather than reacting to short term delivery needs will be challenging in the current economic climate.
- Loss of external funding through grants will impact on areas of core service in future

## **11. Corporate Support**





### **11.1 General Fund Revenue Monitoring— Forecast under spend of (£0.040m) (0.12%)**

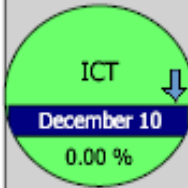
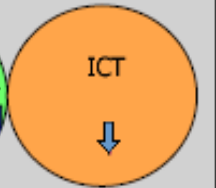
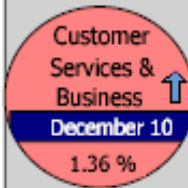



The latest forecast is £32.525m against a latest approved budget of £32.565m, representing a forecast year end under spend of (£0.040m) (0.12%).

Further explanation is reported in the scorecard.

# Corporate Support Quarterly Budget & Performance Report

1/2

Budget	Performance	Comment
		<p>Performance of collection rates remains generally positive with the collection of National Non Domestic Rates (NNDR) forecast to achieve the end of year target of 97.5%. Council Tax collection within year is forecast to narrowly miss the target of 96.5% by 0.3%, however, this is still an improvement compared to the 2009/10 collection rates (3rd consecutive year of improved rates). Overall Council Tax collection rates remain on target to achieve 98.8% which is in line with unitary council average.</p> <p>According to the latest Audit report, our benefits accuracy has improved between 2008/09 and 2009/10. However, further improvement is needed along with speed of processing claims which currently stands at 22.8 days to process a claim against a local target of 20 days. In order to improve the current situation we will engage internal audit to help monitor our error rates more regularly. We will also undertake a significant staff and process restructure of the service which will commence following consultation with the Unions later this month.</p> <p>Corporate Support - the department has demonstrated good progress against the budget delivery plans set for 2010/11. Overall, the department is forecasting a small end of year underspend. This is a major achievement considering the significant reduction in revenue budget alongside the additional requirement to generate further in year savings of £820k as announced in June 2010.</p>
		<p>A new e-recruitment system is being implemented. This will offer anybody interested in working for the Council the opportunity to search all current vacancies electronically, apply online, receive vacancy alerts and make speculative enquiries. This system is currently being used for a specific Children's Social Care campaign but will be made available for all Council vacancies in the next few months.</p> <p>In times of change and significant challenges, staff members are being invited this month to apply for the Council's Leadership Programme, which starts in March and is an accredited and intensive programme. Those who attend the programme will be expected to take the business forward and make a real contribution to the Council and the city.</p> <p>A comprehensive staff survey was undertaken in November/December 2010, with an excellent response of 58%. Headline findings were shared with Team Plymouth and initial actions agreed. More detailed findings have just been circulated to Assistant Directors. These will be shared with staff and action plans out in place by the end of March 2011.</p> <p>Formal negotiations and consultation are taking place between Plymouth City Council (Management) and Trade Union (Staff side) over a wide range of issues relating to employment. The aim of the negotiations is to reach a collective agreement on options to help achieve the savings of more than £30 million over three years while minimising the impact on front line services.</p> <p>The percentage of appraisals undertaken to the end of December reached 93%. Whilst the target set is for 95% of appraisals complete it is not anticipated that performance will increase much beyond this point as there will always be a certain number of staff who are unavailable for their appraisals due to long term sick and maternity leave.</p>

Budget	Performance	Comment
		<p>Overall availability of the top 14 remains at 98% although there was a serious issue with access to the Revs and Bens system which affected 50% of users and took the availability down to 94% for the month. Changes have been implemented to ensure this does not reoccur. In December there was a major virus incident in Development affecting over 5000 files which had to be restored from backup. Investigations have shown that quick reactions from the user and Service desk avoided a much larger issue. An awareness campaign was launched to let staff know what to do in the event of a virus.</p> <p>Stronger contract management and the selling of spare Microsoft licences to neighbouring authorities is helping to address the budget shortfall.</p> <p>Freedom of Information service level compliance for 2010 figures are 1% below the national target of 90%, however are improving following awareness raising with staff. Data Protection requests by people for information held about them on file are below the target figure, as the number of requests for information exceeds current resourcing, but processes are being reconsidered in order to meet the demand .</p>
		<p>Staffing costs have been kept at a minimum level through reduction in Pertemps staff in order to achieve the additional in-year savings target. Customer Services achieved an excellent performance on complaints, with 100% of Ombudsman and Stage 2 complaints dealt with within target timescales, with only Amey Highways missing our Stage 1 target response times due to a change in management and a programme of training has commenced to improve this situation. Our web-based map fault reporting tool 'Plymouth on a Map' has been launched without publicity to ensure the back office process is robust, and is now being used by customers - with lots of positive feedback for its ease of use.</p>
		<p>There has been a substantial increase in legal costs recovery and legal fee income. Coroner fees are also below budget.</p>
<p>Human Resources</p> 	<p>HR indicators have been introduced for establishment, sickness and agency spend and the RAG rating is the average of all three.</p> <p>At the end of the quarter there are;</p> <ul style="list-style-type: none"> <li>836.4 FTE employees against the budgeted establishment of 988.2 FTE positions as held on SAP</li> <li>Agency Spend was 0.30% of the monthly wage bill</li> <li>Sickness – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the quarter are 8.37 working days per FTE for this financial year to date (April – December 2010) and 13.1 working days per FTE for the last rolling 12 months.</li> </ul>	

## **11.2 Key High Level Risks**

- ICT Investment Programme ~ capacity to address the Council transformational change agenda e.g. technology required for an effective customer contact centre amongst others
- Challenge of improving support services whilst managing down spend
- HR ensuring that expertise is retained and redundancy costs are minimised
- Capacity within the department to support the Council's change agenda and challenging financial targets

## **11.3 Departmental Medium Term Financial issues**

- The Comprehensive Spending Review (CSR) for the whole council
- Accommodation Strategy
- SLA agreements with PCH due to end on 31 March 2011 are currently being reviewed
- Increasing demand for services




## **12. Chief Executive**

### **12.1 Chief Executives Departmental – Forecast is an under spend of (£0.041m)**

The latest forecast is spending of £2.119m against a revised budget of £2.160m, representing a forecast year end favourable variance of (£0.041m).

Further explanation is reported in the scorecard.

## Assistant Chief Executive Quarterly Budget & Performance Report

Monthly Service Budget	Performance	Comments
		<p>Savings due to unfilled vacancies within Design Studio and Corporate Communications has been offset against a shortfall in design studio income. Corporate decision to reduce printing across the authority and utilise electronic media has resulted in large under spend against printing in Communications. This under spend has been offset against a proportion of the savings target set for the Chief Executive Department.</p> <p><b>Single branding</b> Corporate Communications is implementing an updated visual identity that aims to reduce costs by streamlining different styles and identities used across the council. It is also introducing procedures to help reduce the spend on print and publicity across the council by £400,000 over the next year</p>
		<p>An adverse budget pressure due to a reduction in both the performance reward grant allocation and the voluntary sector contribution has been offset by a carry forward from previous years and a transfer from the reserve fund. These funds will not be available for future years so budget pressures remain from 11/12 onwards. Work is ongoing in the Civil Protection Unit to identify additional savings and costs to be recovered external service users.</p> <p><b>Single Data List</b> Central Government has now released a draft 'Single Data List' for consultation. From April 2011, local authorities will only need to provide data from those listed indicators to central government which will then be open to regular review, scrutiny and challenge. This list does not replace the National Indicator Set as many of the data returns are volume data rather than performance indicators. However, included are a number of new departmental indicators which cover areas monitored by the National Indicators set which have been identified in Government departmental delivery plans. The consultation period for the Single Data List ends on the 4th February 2011.</p> <p><b>Plymouth 2020 priorities</b> Three year targets are now being developed for Level 1 and 2 indicators. Any gaps identified at level 2 are now being addressed with definitions being agreed by 28 January.</p>
<p>Human Resources</p> 		<p>HR indicators have been introduced for establishment, sickness and agency spend and the RAG rating is the average of all three. At the end of the quarter there are;</p> <ul style="list-style-type: none"> <li>▪ 47.4 FTE employees against the budgeted establishment of 53.8 FTE positions as held on SAP</li> <li>▪ Agency Spend was 0.36% of the monthly wage bill</li> <li>▪ Sickness – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the quarter are 2.98 working days per FTE for this financial year to date (April – December 2010) and 5.71 working days per FTE for the last rolling 12 months.</li> </ul>

## 12.2 Key High Level Risks

The key financial risk facing Chief Executives during 20010/11 are summarised below;

- Review of Design Studio recharges to ensure that service is able to recover adequate costs in future years.
- Review of Charging to external organisations in respect of statutory duties for the Civil Protection Unit. The Civil Protection Unit needs to ensure that adequate costs are recovered to decrease reliance on services core budget.
- Completion of review of LSP and Performance & Policy. This forms part of the delivery plan actions for 2011/12.
- Completion of review of Civil Protection Unit. Proposal for Peninsula Civil Protection Unit under consideration, implications for Plymouth City Council currently unknown.

## 12.3 Departmental Medium Term Financial issues

The key medium term issues for the department are:

- Delivery of a challenging review of policy and performance as per the delivery plan for 2011/12.
- Review of arrangements to ensure maximum recovery of costs involved with staging short sermon exercise and services provided to external bodies for Civil Protection work.

## 13. Corporate Items and Cross Cutting Issues

- 13.1 A net favourable variation of (£0.302m) is forecast against the corporate items budget. Variations across the individual budget headings as shown in table 11.2

Table 12

Service	Latest Approved Budget £000	Forecast £000	Variation £000m
Other Corporate Items	(21,747)	(22,291)	(544)
Major Projects	(1,149)	(379)	770
Capital Financing/ Treasury Management	10,599	10,071	(528)
<b>Totals</b>	<b>(12,297)</b>	<b>(12,599)</b>	<b>(302)</b>

## 13.2 Capital Financing Budget /Treasury Management

- 13.2.1 Delivery Plan budget savings of (£0.661m) were set against the capital financing budget. At the end of December savings of (£0.568m) have been achieved against the specific delivery plan actions. The shortfall is however being more than offset by increased investment returns and other Capital financing adjustments, giving an

overall favourable variation on the capital financing budget of (£0.528m). Officers continue to explore options to achieve further savings in line with the Treasury Management Strategy.

13.2.2 Table 13 below shows the Council's borrowing and investment position at 31 December 2010.

**Table 13**

	<b>Principal O/S 30 September 2010 £000</b>	<b>Principal O/S 31 December 2010 £000</b>	<b>Average Rate %</b>
PWLB (Public Works Loan Board)	62.555	62,555	5.3702
Market Loans	130,000	130,000	4.4202
Bonds	77	83	1.1397
Temporary Loans	66.950	43.215	0.3509
<b>Total Borrowing:</b>	<b>259.582</b>	<b>235.853</b>	<b>3.9254</b>
Add PFI	33,156	33,156	8.7300
<b>Total Debt 30/12/10</b>	<b>292.738</b>	<b>269.009</b>	
<b>Investments</b>	<b>159.762</b>	<b>127.188</b>	<b>1.8577</b>

13.2.3 During the period, officers continued to negotiate short-term loans to cover the capital financing requirement for 2010/11 taking advantage of low borrowing rates on offer and investing these in reserve accounts until required for cash flow purposes. The ability to achieve further savings in the year will depend on the availability of loans and will be impacted by the reduction in supply from other Local Authorities as they use previously available funds to finance expenditure up to year end.

13.2.4 The average rate of interest achieved on new deposits so far this year is 1.1995% compared to a budget rate of 1%. The underlying bank base rate remains at 0.5%.

13.2.6 During the period, the Council received a further dividend of 4.72p totalling £141,508.25 (including interest of £7,215.02) in respect of deposits in Heritable Bank bringing the total amount recovered to date to £1.573m or 50.11%. Recovery of monies in Glitnir and Landsbanki remain subject to court proceedings. The cost of the continuing external legal advice will be met in the first instance from the Icelandic bank reserve.

### **13.3 Other Corporate Items**

13.3.1 This budget contains the costs of items which cannot easily be allocated to departments, such as enhanced Superannuation costs, transfers to reserves and provisions and the general contingency as well as income from support service recharges and Area Based Grant. Any one off cross cutting issue arising during the year would also generally be coded to the corporate items budget.



### 13.3.2 PAYE

Following a routine tax inspection earlier this year, a number of test transactions were made. This identified the incorrect disclosure of some employee benefits in respect of pooled car and fuel benefit and a challenge on the treatment of the employment status of 'self employed' staff. As a result the Council has made a voluntary declaration of unpaid tax as follows:

- Incorrect disclosure of pooled cars resulting in NIC due on benefit of car and fuel benefits. A payment of £48,410, excluding interest and penalty requested from HMRC.
- Incorrect disclosure of employee status, resulting in a further payment of £10,700 in terms of employer tax and NIC contributions.

Further information has been requested by the tax inspector in relation to the employment status of some School Improvement Partners which is likely to result in a further payment. This is an issue raised nationally by HMRC and centres on Councils' treatment of the relevant individuals as 'self employed'. There may however likely to be much wider implications for the Council in terms of contracted specialist advice and directly engaged temporary staff (ie where these are not contracted via an agency). Work is ongoing to quantify the scale of the problem for Plymouth and as a result 'employment status' has been added to the Council's strategic risk register as a red risk. HMRC are able to request backdated payment of employer Tax and NI contributions covering a 6 year period.

Other 'hot topics' in terms of HMRC inspections include termination payments, procurement cards, Expenses, CIS, Dispensations. We should expect these to be reviewed as part of the next inspection.

### 13.3.3 Reserves & Provisions

At the 1 April 2010, the Council's earmarked reserves stood at £19.310m. Reserves are to be held for statutory reasons, to comply with proper accountancy practice or have been set up voluntarily to earmark resources for future spending plans. Whilst there is no limit to the amount of money that an authority can hold in reserve, there is a requirement that the level of reserves be kept under review. As part of the last monitoring report, Cabinet approved the transfer of £2.333m of individual reserve balances to a new Invest to save reserve to help fund future projects to deliver budget savings in the light of the Government funding reductions. During the period, there has been a request that £0.071m of this amount be transferred back to the Weston Mill Cemetery Reserve to fund the necessary repairs and refurbishments of Cemetery buildings and facilities e.g. roof repairs, replacement heating system and disabled access. The reserve was originally set up for this specific purpose using income from increased Cemetery fees as agreed by the Industry. This will reduce the revenue Invest to save reserve to £2.262m.

### 13.3.4 Budget Virements

The Council's net budget requirement was set by Council at its meeting on 1 March 2010 at £201.825m. Amendments to this overall budget can only be made by Full Council. However, during the year there will be several movements in budget allocations across services/departments as part of the delivery of the day

to day business of the Council. Movements in the budget are continually tracked and an audit trail held for budget control purposes. In addition, Financial Regulations require all budget virements in excess of £100,000 to be approved by Cabinet. Cabinet are now requested to approve the following budget virements.

- Reallocation of Development budget savings across Service heads £466,000
- Separation of CE Departmental Management from Policy and Performance unit for reporting purposes £512,000
- Transfer of budget for Community Support Grant scheme from Corporate Items to Corporate Support £100,000

#### **13.4 Major Projects**

- Building Schools for the Future (BSF) - The BSF programme was suspended by the Government in June 2010. However Plymouth has now been awarded £19.134m BSF funding split between Marine Academy Plymouth £8.561m and All Saints Church of England Academy £10.573m. This will be received sometime after March 2011 once plans are agreed with Department of Education. At this stage it is not clear whether the grants will be paid direct to the Academies or through the City Council.
- Carefirst - The Project Board continues to meet monthly to manage delivery of the project. The project will address wider service transformation and improvements, behaviours and cultures within services. This will enable us to fully utilise the system and get the maximum benefits, both for safeguarding, operationally and for financial efficiencies. Anticipated spend is in line with budget provision for the current year.
- Residual costs of Stock transfer- A number of pressures are being experienced on the residual stock transfer budget. The budget assumed the transfer of £2m from the HRA Working Balance during the year. However, due to a number of outstanding issues, such as the finalisation of utility bills and contract retention payments, the working balance currently stands at only £1.4m, leaving a shortfall of £0.6m against the budget expectation. This is the subject of ongoing discussions with Plymouth Community Homes.

The final HRA subsidy claim for 2009/10 has now been certified by the External auditor and Officers have applied to DCLG for approval to formally close the HRA.

#### **13.5 Key High Level Risks**

The economic situation. In particular

- Continuing low interest rates and restricted counter party list impacting on the ability to achieve target rates of return and meet delivery plan savings
- Changes to PWLB borrowing rates following CSR announcement

## SECTION E - CONCLUDING REMARKS

- 14.1 In order to set a balanced budget for 2010/11, each Department was required to identify a number of departmental delivery plans and Appendix A of the budget report, presented to Cabinet on 10 February 2010, outlined the risks to the budget, rating these in the usual traffic light system of Red/Amber/Green. The departmental reports in Section C continue to outline the key risks to the achievement of departmental budgets and issues impacting on future years.
- 14.2 At the end of December, the Council is still forecasting a revenue overspend at year end of £1.964m against a net revenue budget of £201.825m a variance of 0.68%, but this has reduced significantly over the period. Directors continue to take action to bring their budgets back to a break even position by year end.
- 14.3 In June 2010 the Government announced a series of in year spending reductions for 2010/11. These reductions, in the main, relate to grant funding. There are also a number of changes to policy, enacted by Government, that will impact on spend for the Council. In response to this each department received an additional in year budget saving target with an overall target to reduce budgets by a further £4m in 2010/11. In terms of delivery plans, this gave a total of £13.499m reductions overall to be achieved in year. There has been good progress against these targets with savings of £10.740m achieved as at the end of December. However, £2.759m of delivery plans still remain at risk of achievement, of which £1.216m are rated as red risk and unlikely to be achieved in the current year.
- 14.5 The provisional Grant Settlement for 2011/12 was received on 13 December 2010. The result is a significant reduction in funding over the next two years.
- 14.6 The Corporate Management Team is working with the Cabinet to develop a transformational change programme that fundamentally challenges the organisation's culture, structure and approach to service delivery. Further details are outlined in the 2011/12 budget report.
- 14.7 In terms of capital, despite the reprofiling of almost £15m spend for 2010/11 during the period the Council still remains on track to deliver a significant capital programme in the current year. The budget report outlines the impact on the capital programme from funding reductions over the medium term.

## SECTION F – RECOMMENDATIONS

15. That Cabinet:-
- 15.1 approve Directors addressing the remaining shortfall in 2010/11.
- 15.2 note the latest 2010/11 capital forecast of £77.457m and Council be requested to approve that the following new schemes (included in the latest forecast) be added to the programme for 2010/11:
- |   |         |
|---|---------|
| Jennycliffe Café environmental works                          | £0.050m |
| Market electrical refurbishment (majority to follow in 11/12) | £0.025m |
- 15.3 approve the reinstatement of the Weston Mill cemetery reserve, by a transfer back from the revenue invest to save reserve, totaling £0.071m, to meet the costs of essential improvement works in 2010/11.
- 15.4 approve the budget virements as outlined in section 13.3.4.