CITY OF PLYMOUTH

Subject:	Budget & Corporate Plan and Proposed Council Tax Levels
Committee:	Council
Date:	28 February 2011
Cabinet Member:	The Leader, Councillors Bowyer and Sam Leaves
CMT Member:	Director for Corporate Support Assistant Chief Executive
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Ref:	DJN/JF/280211
Key Decision:	No
Part:	1

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1. Executive Summary:

1.1 The Budget and Corporate Plan comprises the following reports, as presented to Cabinet 8 February 2011:-

- Corporate Plan 2011-14
- Corporate Asset Management Plan 2011-15
- 2011/12 Revenue and Capital Budget (update to December report)

Plus, as presented to the Audit Committee 21 January 2011:-

- Treasury Management Strategy Statement and Annual Investment Strategy 2011/12

1.2 Each of these reports supplements and complements the others. They set out the Council's vision and how we have allocated our resources to match our priorities. Readers should refer to the reports for the detail. It should be noted that the Treasury Management Strategy Statement and Annual Investment Strategy 2011/12 is included as it has been revised to include changes to the Prudential Indicators, as a result of the revision to the capital programme after the original report's publication date.

1.3 The Corporate Plan attached as **Appendix A**, sets out the council's strategic direction for 2011-14 and beyond. It focuses on the vision for the city and for the council, the four shared priorities that the council and its partners have signed up to and a range of supporting outcome measures. The importance of transformational change to improve services with fewer resources is a theme throughout. The Plan also highlights the public budget consultation, partnership input and Overview and Scrutiny focus. More detailed supporting documents sit below the Corporate Plan.

1.4 The Corporate Asset Management Plan attached as **Appendix B**, is the City Council's update of the Asset Management Plan. The Asset Management Plan timetable has been revised to the end of 2015 due to the effect of the current economic downturn. This will be reviewed during the next twelve months.

The document includes the council community asset transfer strategy which will respond to the new government agenda on devolving more control to communities and also support several elements of the council's budgetary delivery plans. It also details information on the management of assets including the provision of a new corporate property database, the ongoing maintenance strategy, statutory compliance, corporate property forum and new developments around the Single Point Of Contact (SPOC) for Corporate Support and Corporate Buyer function.

1.5 The 2011/12 Revenue and Capital Budget updates the budget report presented to Council on 6 December 2010, and details both the Revenue allocations as a result of the December 2010 Local Government Settlement announcements, and updates the Capital Programme following funding allocations. It is fully linked and underpins the Council's Corporate Plan 2011-14. For the Capital Programme, there have been significant reductions in funding areas linked to all government departments, and there is much uncertainty over funding streams post 2011/12. The Council is still planning a significant capital investment and this will increase in years 2012/13 – 2014/15 as more funding streams become available. This report presents the revised Medium Term Capital Programme for approval at **Appendix C**.

1.6 During the budget period 2011/12 there will be requirements to make budget virements. The Cabinet authority for virement and in-year changes is as currently specified in the Financial Regulations. These regulations are being reviewed and will be reported to Council as part of the recommended changes to the Constitution in June.

1.7 The Treasury Management Strategy for 2011/12 was subject to scrutiny by the Audit Committee on 21 January 2011. The Audit Committee on 21 January 2011 agreed the Treasury Management Strategy and Investment Strategy and recommended provisional changes to the Capital Programme. The Minutes are attached as **Appendix D**.

1.8 Following the revisions to the capital programme, there is a need to revise the prudential indicators as outlined in the report. The revised indicators are included at **Appendix E**. These require approval by Full Council.

1.9 Consultation on the proposed budget has been undertaken over the past few months. The Council continues to improve how it communicates with Partners and the public in relation to its budget setting and spending plans. This year we launched a new on-line consultation tool "You Choose".

2.0 The Budget and Corporate Plan was subject to scrutiny by the Overview and Scrutiny Management Board meetings which were held on 12 and 17 January 2011. The relevant reports and minutes including Cabinet's response to the scrutiny recommendations are attached at **Appendix F.**

2.1 Cabinet considered the draft Budget and Corporate Plan on 8 February 2011 and the Minute is attached at **Appendix G.**

2.2 The updated spending plans presented on 8 February detailed a net budget requirement of £208.237m. These spending plans are shown by directorate and by service at **Appendix H.**

3.0 Tax Level:

3.1 Since early 2010, the Council has been modelling its Medium Term Financial Strategy based on a Council Tax freeze for 2011/12. This assumption was included in the budget report approved by Council 6 December 2010.

3.2 The Council's budget requirement of £208.237m for 2011/12 reflects a nil Council Tax increase.

3.3 **Appendix I** contains detailed Council Tax resolutions, completed in accordance with statutory provisions. The Council Tax amounts quoted are based on

- the Council's tax freeze
- the zero increase to the precept amount for the Devon and Somerset Fire and Rescue Authority, as approved by the Fire Authority at their meeting 14 February 2011
- an indicative zero increase to the precept amount for the Devon and Cornwall Police Authority. The Police Authority meeting to approve the zero increase will not be held until 18 February 2011, which is after publication of this report. In the event of the Police Authority setting a different precept amount, the changes will be reflected in revised Council Tax amounts which will be tabled at Council.

4.0 Review of Fees and Charges:

4.1 The Budget and Corporate Plan presented to Cabinet 8 February 2011 included a review of Fees and Charges. It stated that Councils have powers to charge for a wide range of services and set out in an appendix the proposed increases to fees and charges as part of the 2011/12 budget consideration. Details are shown in **Appendix J.**

5.0 Revenue Out-turn 2010/11 & impact on reserves:

5.1 The latest budget monitoring position, as at the end of December 2010, shows a forecasted year end overspend of £1.964m.

5.2 Directors have enacted a number of delivery plans within the current financial year to drive through budget savings. We also had to apply in-year grant funding reductions. Added to increased service pressures in such areas as safeguarding children and adult social care, it has been difficult to achieve a balanced budget. Directors will continue to reduce spend up to 31 March.

5.3 If Directors and Departmental Management teams are unable to achieve reduced spend to balance the budget by 31 March 2011, any residual amount would have to be funded through working balances.

5.4 In compliance with our Medium Term Financial Strategy, we aim to retain the Council's working balance at a level exceeding 5% of net revenue budget. Our forecast working balance at 31 March 2011 is £11.517m which is approximately 5.5% of our 2011/12 net revenue budget.

6.0 Medium Term Financial Strategy & Budget Book:

6.1 The Medium Term Financial Strategy (MTFS) was approved by Council 6 December 2010.The strategy will be further revised and updated following approval of the 2011/12 Revenue and Capital budgets , and the setting of the Council Tax for the coming year.

6.2 Within this strategy, we will retain our focus on providing strong financial management, driving value for money and efficiencies, promoting accountability and ownership, managing risks effectively and continuing to improve our income collection rates.

6.3 In support of this budget, as in previous years, the council will produce a detailed budget book which will be published by 31 March 2011.

7.0 Corporate Plan 2011-2014 as amended by the four new priorities for the City and Council:

7.1 The Corporate Plan 2011-14 replaces the previous one and includes the four priorities mentioned above

7.2 The Corporate Asset Management Plan supports both the Corporate Plan 2011-2014 and the Revenue and Capital Budget.

7.3 The 2011/12 Revenue and Capital Budget is central to the successful delivery of the Corporate Plan 2011-14.

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7.4 The Treasury Management report outlines the Council's Prudential Indicators for the next three years as required by the Local Government Act 2003, together with the MRP policy for 2011/12 required under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

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

Once approved the 2011/12 budget will become the base year for the Medium Term Financial Strategy (MTFS) 2011-14.

The MTFS will be revised and updated in the light of the final 2011/12 budget and settlement implications. Human resources, ICT and asset implications have been fully considered and referred to throughout the report.

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

9.1 The Corporate Plan and Revenue and Capital Budget reports both refer to headline risks and equality issues. All Departmental Delivery Plans are covered by Equalities Impact Assessments, signed off by the relevant Director. Each delivery action has considered the impact on: council priorities, legal obligations, customers and other services and partners. Each separate action has been risk assessed in terms of potential barriers to implementation with corresponding mitigation stated where relevant. The Corporate Asset Management Plan deals with issues regarding accessibility, health & safety and equality in respect of the corporate building estate.

10.0 Recommendations & Reasons for recommended action:

10.1 In compliance with legislation, it is the responsibility of the Council's Section 151 Officer to recommend a balanced and robust budget for approval.

10.2 At its meeting on the February 8, 2011 Cabinet made the recommendation that Council:

1. adopt the **Corporate Plan 2011-14**, subject to minor amendments and editorial design changes being delegated to the Chief Executive and the relevant portfolio holder To adopt the Corporate Plan 2011-14

2. adopt the **Corporate Asset Management Plan 2011-15**, subject to minor amendments and editorial design changes being delegated to the Director for Corporate Support and the relevant portfolio holder;

3. approve the proposed net **Revenue Budget** requirement of £208.237m for 2011/12 and five year **Capital Programme** (2010/11 – 2014/15) of £192.635m.

4. approve the increases to **fees and charges** as outlined in **Appendix J.**

5. approve the revised **Prudential Indicators** outlined in **Appendix E** .

In addition, Council is recommended to:

6. approve the Treasury Strategy Statement and Annual Investment Strategy 2011/12 included at **Appendix D.**

7. approve the Council Tax for 2011/12 as set out in **Appendix I**, which freezes the levels at the 2010/11 levels.

Alternative options considered and reasons for recommended action:

The Corporate Plan sets the strategic direction for the council and brings together a range of related information in one place. This year more emphasis has been placed on ensuring that all the key elements of sound business planning are represented within the plan.

There is a statutory requirement under Section 33 Local Government Finance Act 1992 for the Council to produce and deliver a balanced budget and to set a Council Tax.

Background papers:

- Finance Settlement Papers Department of Communities and Local Government (CLG)
- The Prudential Code for Capital Finance in Local Authorities
- Equality Impact Assessments
- 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 Strategy
- Capital Financing Regulations
- Workforce development Strategy
- ICT Strategy
- Accommodation Strategy
- Indicative 2011/12 Budget Report to Council 6 December 2010
- Treasury Management Strategy report to Audit Committee 21 January 2011 (revised)
- Budget and Corporate Plan to Cabinet 8 February 2011

Appendix A Corporate Plan 2011-14
Appendix B Corporate Asset Management Plan 2011-15
Appendix C Medium Term Capital Programme 2010-15

Appendix D	Audit Committee minute 65 of 21 January 2011 – Treasury Management Strategy Statement and Annual Investment Strategy 2011/12
Appendix E	Prudential Indicators and Updated Treasury Management Strategy Statement and Annual Investment Strategy 2011/12
Appendix F	Cabinet Minute 108 of 8 February 2011 – Budget and Corporate Plan Scrutiny Report including Cabinet's response to Budget Scrutiny recommendations, Overview and Scrutiny Management Board minute 95 of 26 January 2011 together with the Scrutiny review report on the Budget and Corporate Plan Scrutiny 2011
Appendix G	Cabinet Minute 109 of 8 February – Budget and Corporate Plan
Appendix H	Gross Expenditure and Income
Appendix I	Council Tax levels
Appendix J	Fees and Charges

Sign off

Fin	MC1011.020	Leg	TH0009	HR	n/a	Corp Prop	CJT/060 /170211	IT	n/a	Strat Proc	PWC 1011.012
Originating SMT Member Malcolm Coe											

CORPORATE PLAN 2011-14

PLYMOUTH CITY COUNCIL

Appendix A Corporate Plan 2011-14

Our shared vision for the city with our Plymouth 2020 partners

To be one of Europe's finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone

A city that will be:

A healthy place to live and work
A wise city that is a place for learning, achievement and leisure
A wealthy city which shares and creates prosperity
A safe and strong city

Our shared priorities for delivering the vision with our Plymouth 2020 partners

Deliver growth

- Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality new homes, jobs and infrastructure

Raise aspirations

- Promote Plymouth and encourage people to aim higher and take pride in the city

Reduce inequality

- Reduce the inequality gap, particularly in health, between communities

Provide value for communities

- Work together to maximise resources to benefit customers and make internal efficiencies

Corporate Plan 2011-14
Published by Plymouth
City Council
Date

CONTACT
Policy, Performance, Partnerships
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To keep costs low the Corporate Plan is only available electronically in a simple design format

Key messages

1 We live in very difficult times, but also ones that provide us with real opportunities. Over the next three years we have to make significant efficiency savings from our overall capital and revenue budget. This is involving us in some hard choices and will lead to a managed reduction in jobs within the council. We aim to protect front line services that are most critical to our residents and we are looking at how we can make our services more efficient, particularly the back office support ones. We have budgeted to make our efficiencies over the next three years and eleven budget delivery groups have come up with plans for doing this. In terms of direct provision, we will have more varied delivery options and a stronger focus on commissioning services. There will also be cases where we stop doing things.

2 We will see a significant transformation of the council as it becomes leaner in some areas and more strategic and customer focused. At the same time, we will be taking on greater responsibilities for public health. Although the efficiencies are strongly influenced by the tight financial context in which we have to operate, they are also based on ideas we had already been developing or implementing for providing more customised services and better value for money.

3 We have recommitted, along with our partners, to our ambitious vision to make Plymouth one of Europe's finest, most vibrant waterfront cities where an outstanding quality of life can be enjoyed by everyone. We have developed four key priorities with our partners to really help us drive and achieve that vision. These are to deliver growth, raise aspirations, reduce inequalities and provide value for communities. Despite the tight financial circumstances, we have a real opportunity in Plymouth to make a difference, be more innovative and achieve great things. We are ambitious for the people of this city and want to work with them to deliver our vision for the city.

4 In this Corporate Plan we set out our strategic direction over the next few years, our operating context, where we need to improve, what we will focus on, how we will align our resources to achieve our aims and what we expect of the council. The focus is on remaining ambitious and really driving the modernisation process we have already begun.

Leader   Chief Executive

Purpose of this Corporate Plan

The Corporate Plan helps us make sense of our often complex world. It:

- Outlines the strategic direction of the council for the next three years
- Provides an assessment of current performance and future challenges
- Shows how we contribute to achieving the shared vision and priorities for the city
- Demonstrates how we align our resources and contribute to the efficiency drive and transformation of service delivery
- Informs the integrated planning process with partners
- Gives clear direction on how the organisation will operate
- Helps us hold ourselves to account and ensure we deliver for the city and its residents
- Brings key information together in one place – particularly for members, managers and partners

Content

About our business as a council

5 We offer over 300 distinct services to our customers, involving thousands of products and activities. To do this we employ over 11,000 people in a variety of occupations. Across the council we are responsible for the implementation of a huge amount of national legislation and regulation and the development of statutory plans in areas like transport and planning. Our relationships with our customers are not simple ones.

- Some people choose our services on a fairly competitive basis, such as using a sports centre or reading books from our libraries, as alternative provision is also available
- Some may have a legal relationship with us, such as a family where a child is under a care order, or a food outlet owner who needs to comply with hygiene regulations, or a developer seeking planning permission.
- Others benefit from our services at different points in their life, such as when they have a child in school or need care.
- Our customers are also the recipients of uniform city-wide services like refuse collection and street cleaning.
- Our customers are very varied ranging from a homeless person seeking support to an investor requiring information about business development sites

We are a big, complex organisation, but one that needs to be continuously looking at how it can be more efficient and customer focused.

We are a diverse and complex business

Daily we help around 3,500 older people to live in the community, support the education of 40,000 children and fund 4,220 nursery places

Weekly we pay out £1.5m in benefits, collect bins from 117,000 households, respond to 600 housing advice requests and undertake 30 food hygiene inspections

Yearly we dispose of 127,500 tons of domestic and bulky waste, process 2,000 planning applications, issue over 1,315,000 books from our libraries and cut 6m square metres of grass

This is just some of what we do

Main Services

Departments	**Services**
Community Services	□ Environmental Services □ Culture, Sport & Leisure □ Adult Health & Social Care □ Safer Communities
Children & Young People's Service	□ Lifelong Learning □ Learner & Family Support □ Children's Social Care
Development & Regeneration	□ Planning Services □ Transport □ Economic Development □ Strategic Housing
Corporate Support	□ Finance, Assets & Efficiencies □ Customer Service & Business Transformation □ ICT □ Democracy & Governance □ Human Resources & Organisational Development
Chief Executive's	□ Communications □ Policy, Performance & Partnerships

What our vision for Plymouth means

6 The transformation of Plymouth into a series of sustainable communities where the most is made of the city's very considerable natural assets is at the core of the vision for Plymouth to become "one of Europe's finest, most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone". The city's distinct natural setting between Plymouth Sound, Mt Edgecumbe, the Tamar and Plym rivers and Dartmoor is seen as its biggest selling point, of which more could be made. The vision is based on the view that the city should grow in width to the east and in height to exploit its waterfront setting.

7 Plymouth's vision involves growing the city's population to achieve the critical mass to provide the range of amenities needed to become the regional economic hub of the far South West - attracting more visitors, inward investment and jobs; developing the cultural and retail offer and making the place more vibrant. This means responding to what will be a growing and changing population, as new workers and visitors arrive, in an inclusive and welcoming way. It also means building on the city's strengths and developing a series of interlocking and sustainable communities, where there is strong resident engagement. Ensuring that there are high quality access networks across the city to leisure, work, health and other amenities is a feature of the vision, together with improving the major gateways to the city like the ferry terminal, rail and bus stations and our major road corridors.

8 The vision involves building new learning centres that are central to and support community regeneration; a city campus approach to learning that enhances choice and is focused on skills for the future; with the University of Plymouth centred on enterprise and City College on vocational skills. It is also about co-locating services like health and social care, so they are more accessible and bringing services together better at the locality level. It is focused on developing jobs in six high value growth areas; having a vibrant city centre of regional significance and a second centre for the growing high tech and medical sciences quarter to the north of the city at Derriford. It involves getting the most from the 12 miles of open waterfront that runs from Jennycliff near Mount Batten to Devonport; exploiting and enhancing green amenities like the Hoe, Central Park and Stonehouse Creek; improving the city centre by building upon successful initiatives like Drake's Circus and the west end development that will link to the regeneration of Millbay, as well as enabling regeneration across key areas of the city.

The type of city we want to be
A city that is a thriving regional centre that attracts visitors and businesses
A city with a series of sustainable communities enjoying a high quality of life
A city with a strong cultural and retail offer
A city that is aspiring with excellent educational attainment
A city that is cutting edge with high tech, high value industries and jobs
A city that people want to live, work and play in because of the quality of its environment and waterfront setting
A city with a strong regional, national and international identity
A city that is dynamic and innovative with a growing and diverse population

Our plans involve increasing the city's population from 248,000 in 2005 to around 300,000 by 2026, with an additional 50,000 in the surrounding area.

They include opening up the waterfront, renovating the harbour areas and delivering area action plans

It means, creating 13,000 sq metres of office space per annum; 172,000 sq metres of new retail space by 2021; as well as 100 new hectares of local nature reserves, 32,000 new homes and 42,500 new jobs in our six growth areas:

- advanced engineering,
- business services,
- creative industries,
- marine industries,
- medical and health care
- tourism and leisure

9 It also includes rejuvenating areas like Devonport and North Prospect; ensuring the housing stock is decent, there is a good balance of quality and affordable homes; waste is effectively recycled; providing a safe and healthy environment for residents and visitors; building a Plymouth Life Centre that provides local and nationally significant sports facilities; enhancing the cultural offer through major events and other attractions to create vibrancy and having a thriving voluntary and community sector. It is also a vision that is about people in terms of raising aspirations, widening horizons, maximising opportunities and having a vibrant, creative culture. It is a vision that is now work in progress with achievements to date and there is no intention of moving away from it. The vision and consequent commitment to growth and trans-formation is what makes Plymouth distinct from other places. It is also a level of ambition against which progress has to be judged. In Plymouth the bar is higher.

Where we want to be as a council

10 A vibrant, innovative city needs an innovative, efficient and enabling council focused on its customers, so we must continue our process of modernisation and improvement. Looking to the future, we will have a stronger enabling function, as we seek to build up capacity in local communities and help people achieve their ambitions and become less dependent on services in some cases. In terms of direct provision, we will have more varied delivery options and a stronger focus on commissioning services. We will e-enable all our services so that where appropriate we can provide our customers with the choice of self service at times that suit them. There will be closer working with our partners as we seek to provide more seamless services and easy contact points for a range of advice and support. We will share more back office functions where we can to reduce costs and gain benefits of scale. There will be more flexible working as we 'hot desk' and lower office costs. We will also share more accommodation with our partners, whether that is offices, depots or other facilities. Our staff will be empowered to make decisions; they will be far more self reliant; there will be considerably less management overheads and more focus will be placed on strong strategic leadership, good communication and managing outcomes. The council will be both a more exciting and more challenging place to work.

The type of council we want to be
We will be very focused on our customers and work with partners to provide easy points of contact and streamlined service delivery
We will be ambitious for our city, all its residents, our council, Members and staff
We will have staff that recognise the value and demands of operating within a democratically accountable body; while our Members will value the knowledge and commitment of our staff
We will encourage innovation and take reasonable risks in pursuit of our vision for the city, encouraging both user and staff engagement to improve services
We will work from flexible settings, sometimes co-located, sometimes remotely, and there will be more movement around the organisation and across the partnership to tackle issues
We will be a confident, learning organisation; an employer of choice where people feel they can develop and realise their full potential
We will be more of an enabling organisation rather than simple provider – helping others to deliver services where possible
We will have clear and transparent leadership and sense of direction, with an enabling management culture where staff are empowered to act and make decisions
We will be an organisation that shares its support services with other agencies to get maximum efficiencies and benefits
We will be a 'can do', problem solving organisation that is focused on having an impact and getting things done
We will constantly raise the bar and challenge ourselves to perform better

Where we are as a city

11The Plymouth Report in summer 2010 brought together in one place for the first time a range of information from needs analysis, strategies and plans to assess where the city is on its journey towards its vision. As well as covering the healthy, wealthy, safe and wise themes of the Plymouth 2020 partnership, it also looked at customer and capacity issues. Whilst recognising achievements, the focus was on what needs doing and whether we and our partners have the capacity to do it.

12 The report stressed that the city's growth agenda makes Plymouth distinct and touches all aspects of partnership activity, which is not surprising given its scale. For example, it inter-weaves with health as both a vehicle for planning healthy communities, with better quality housing, services and improved access to specialist facilities, which can help reduce inequalities and prevent poor health; and, is a means of attracting more high value jobs and companies to the city, with the development of the medical sciences, hospital and university. It can, therefore, be the thread that binds a range of activities together in a highly focused way.

13 The report highlighted many positives about the city, such as its relative safety and cleanliness when compared to other cities; the major infrastructure developments that are taking place to support growth; examples of effective partnership working and community engagement; a strong record around children protection and providing support to adults with care needs and some innovative projects working with those at risk or disadvantaged. However, it also stressed that a step change in focus and delivery would be needed to achieve our city's vision. It showed that: the city's workforce was not sufficiently entrepreneurial or skilled in the right areas; there was a large gap in health inequality; aspirations were relatively low; the voluntary and community sector was relatively small; there was no shared focus on dealing with the customer amongst public sector agencies, or a shared resource plan to support partnership delivery at a time of diminishing resources.

14 The Plymouth Report became the basis for re-assessing our priorities as a city and a council and agreeing the four priorities we are now all committed to.

Key challenges to achieving our vision

The growth agenda is what makes Plymouth distinct and it can be the thread that binds a range of activities together

The city is successfully implementing a spatial framework and developing the infrastructure to meet its very ambitious vision, but its current profile does not match that ambition as in the main it is not sufficiently entrepreneurial or skilled in the right areas

Health is improving but health inequalities are wide and are linked to a range of other inequalities that tend to converge around the western edge of the city

Educational attainment is improving well, but entry to higher education is relatively low when compared to other cities and performance around vocational qualifications could be better

The same customers are often dealt with by many agencies in many places, but there is no shared contact point and customer management strategy across agencies

There is currently no resource plan for Plymouth 2020 covering people, finance and assets, while there is growing pressure on ensuring how more limited resources can be used across the partnership and risks and impacts assessed

The Plymouth Report can be found on the Plymouth 2020 website at: www.plymouth.gov.uk/plymouth2020

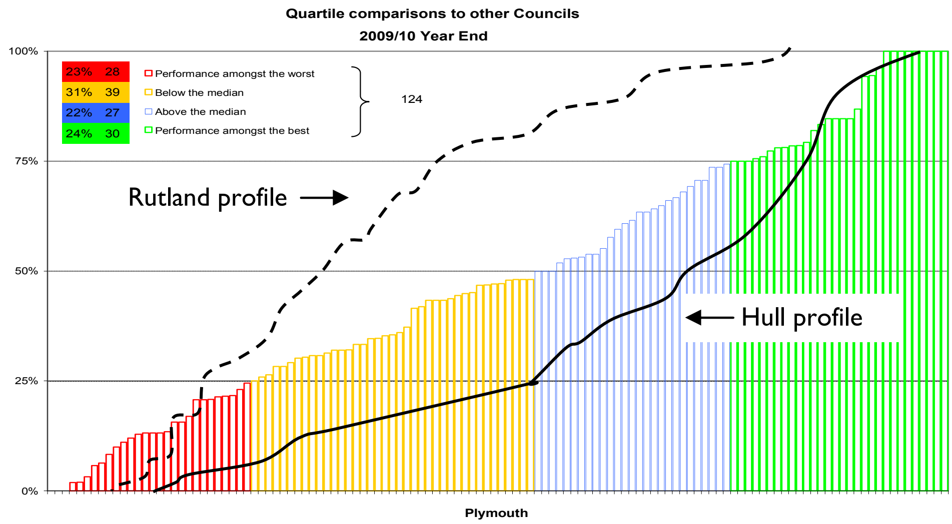
Where we are as a council

A successful track record

15 We have made major improvements as a council in recent years. In 2009, we did very well under the former Comprehensive Area Assessment and in 2010 we won the Municipal Journal's Award for Best Achieving Council. We have also won many other awards. There are major outward facing modernisation programmes in place in areas like Adult Social Care, as we seek to change the way services are delivered and increase people's independence. We have strong stories to tell in areas like partnership working, community engagement, child protection and spatial planning. Internally, we have been rationalising our accommodation requirements and modernising our resource functions. Our financial management has improved significantly over the years and we have built up our reserves. A number of major decisions are now behind us, such as Job Evaluation, the selling of City Bus, setting up Plymouth Community Homes and re-zoning waste collections. We have a sound base to build on. We do though face many challenges in what is a changing working environment and there is still a lot to do if we are to be the kind of innovative, dynamic and enabling authority that is commensurate with the scale of our ambitions for the city.

Our comparative performance

16 Against a basket of 124 performance indicators the council performs around the average when compared with other unitary councils. The analysis from Price-Waterhouse-Coopers' benchmarking club, which has only just been released, shows we have 54% of indicators in the bottom half of the distribution and 46% in the upper half for 2009/10. Overall, we have improved against our 2008/09 performance, with 53% of our indicators improving and 34% declining. Our performance continues to improve over the years, whilst we hover either side of the average performance line for unitary councils, where performance as a whole has also been improving. The table below shows our quartile performance against the best and worst unitary performers, albeit a small council in the case of the top performer. We are over represented in terms of third lowest quartile performance; while it would only take a net increase of five indicators in the top half of the distribution for us to be spot on the average mark. However, average performance is not good enough for us. Given the scale of our ambition, we need to be better.



The table shows the number of indicators in the four coloured quartiles for Plymouth and compares our overall distribution line to the top and bottom performers. Rutland, for instance, hits mid-point and top quartile performance much earlier than we do, Hull much later. The bar lines represent our performance against the 124 indicators. Councils will differ in terms of which of their indicators sit in which quartile – one council's top quartile indicator may be another council's bottom quartile performer. Sometimes the indicators cover a narrow range of comparative performance between councils.

17 While the 124 benchmarked indicators cover a number of areas of partnership activity, the set does not provide a comprehensive view of all performance. It does not, for instance, reflect progress with inward investment, infra-structure development or programmes for building schools or projects like the Plymouth Life Centre where we are doing well. It does though tell us something about outcomes for people at a given time, such as their levels of attainment or health. Not all the indicators in the current national set will be important to us and we need to make a decision about what is acceptable performance in some areas. We are currently focusing on areas where we need to be improving performance at a lower cost, such as in waste collection and learning disability. We have also had success in improving value for money in an area like planning. We do, however, need to move to a much higher level and get a step change in performance in those areas most critical to us and the achievement of our vision. We will, therefore, be strengthening our focus on driving up performance improvement.

18 Our most recent public perception data from 2009 shows low overall public satisfaction with the council and we are not seen as offering sufficient value for money. While specific service level satisfaction rates are higher, they are not that strong when compared nationally and again hover around the average.

Departmental challenges and opportunities

Chief Executive's – challenges and opportunities

- Budgetary pressures making it more important to work collaboratively; while ending of Local Area Agreement Performance Reward Grant means funding has gone from posts immediately supporting P2020
- Public health moving from PCT to council
- Move away from top down target setting nationally, inspection regimes in many cases and prescriptive partnership approaches gives more autonomy while putting the emphasis on self-improvement

Corporate Support – challenges and opportunities

- Managing the much tighter financial situation with reduced government formula grant and capital programme support
- Increasing demand for benefits and radical future changes to the benefit system
- Increased public sector transparency and requirements to publish expenditure over £500
- Sharing back office functions with partners and looking at how we can maximise employment opportunities in the city
- Supporting the transformational change agenda across the council as we try to get more for less
- Providing more streamlined customer services and more efficient ways of engaging with customers
- Improving the quality of ICT at a difficult time financially

Children & Young People – challenges and opportunities

- Growing pressure on school accommodation, particularly at primary level, due to the recent increase in the birth rate.
- A lot of our school stock is still ageing, with a maintenance backlog
- Schools will have greater freedom to procure education support services from wherever they choose
- Growing interest in academies
- Increase in referrals to Children's Social Care - 40% between 2007/8 and 2009/10
- The (Southwark) legal judgement is increasing the number of homeless young people presenting to Children's Social Care
- National policy focus on prevention and early intervention, with more intensive and targeted services for the most vulnerable

Meeting the challenges ahead

19 We have a strong vision, but we need to promote ourselves more aggressively if we are to attract government support and inward investment in the current regional climate. Internally, our staff satisfaction levels have improved, though we need to do far more around change management. Historically, we have been a provider rather than a commissioner of services, though this is changing. Whilst we have some experience of sharing services with others, this has not been extensive. We have engaged in some process re-engineering to make services more efficient, but again this has not been extensive. Strategic commissioning, business process implementation and change management are all skills that will be required in greater abundance if the council is to transform itself. They are also skills that are in short supply within the public sector. In other areas, like social work, where there are skills shortages nationally, we have put a lot of work into recruitment and retention, though this remains a challenging area for us.

20 We have been improving our customer services across the council and this is a big agenda that involves greater use of e-transactions, first time resolution of queries, better joined up contact facilities and more seamless services across agencies. We are doing more to make better use of our procurement power and standardise purchasing across the authority, but again this is an area where there is much to do. With the reduction in national prescription, the ball is very much in our court in some areas and we need to push ourselves forward. This includes exerting a strong influence regionally, attracting more income to the city and council and leading the growth agenda with the private sector. Building on the good work we have already done with local communities and neighbourhoods, we have to empower local communities further, help build capacity in the community and reduce dependency on services. As part of this we must develop imaginative ways to break the cycle of deprivation in parts of the city and ensure that the focus on localism is managed fairly across our neighbourhoods.

21 Our departments face many challenges as they adapt to and take advantage of an environment that is changing in terms of technology, demographics, national policy and customer expectations and as a result of our very success in many areas. At the same time as we respond to change, we also have to continue to ensure children and vulnerable adults are safe and that key services that impact on the public as a whole are maintained at a sufficient level. All this is against a background of reduced resources, so we will have to stop doing some things, do others very differently and do more with partners.

Community Services – challenges and opportunities

- Growing elderly population and increase in long term care needs, with national focus on more personalised and preventative services
- Adult social care and health expected to join up to enable integrated delivery where possible, while health partners face major changes
- Managing public expectations around waste disposal, waste collection and recycling against tight budgets
- Proposals to change the way police are governed with elected police commissioners to replace police authorities
- Increasing national focus on engaging with local communities
- Population expected to grow and diversify with need to ensure good community cohesion
- Legislative focus on equality impacts, but less stress on national standards/targets and more on local priorities
- National funding reductions covering culture, media, sports

Development & Regeneration – challenges and opportunities

- National focus on localism and decentralisation – removal of Government Office South West and Regional Development Agency, including funding streams; replacement with Local Economic Partnerships; with greater emphasis on council to lead growth agenda with private sector
- Removal of regional strategies and mechanisms – e.g. spatial strategy and the setting of housing numbers and Regional Funding Allocation for transport
- Expected radical reform planning framework with a new form of Local Plan centred on neighbourhoods and incentivising development –Community Infrastructure Levy and New Homes Bonus new funding mechanisms
- Changes proposed to housing tenure, policy, allocations, statutory duties, benefits and affordable rents; reductions in grant support towards provision of affordable housing; private sector renewal grant discontinued
- New Growth Point/Family Intervention Service grants gone
- Maintaining and increasing income streams during downturn
- Major transport scheme decisions now national, with no new major schemes to be funded during 4 year spending review
- Transport funding through integrated block grant reduced and replaced by Sustainable Transport Fund requiring competitive bidding for key infrastructure projects
- Ensuring our ability to take advantage of emerging funding opportunities such as the Regional Growth Fund, homes bonus scheme and sustainable transport fund.
- Creation of a Growth Fund

Delivering our priorities

Priority focus

22 Following our analysis of the Plymouth Report we have reduced the number of our priorities for the city, the council and our key partners to four: deliver growth, raise aspirations, reduce inequalities and provide value for communities. We have recommitted to our growth agenda and recognised that we need to focus on it much more strongly if we are to get the step change required to achieve our vision for the city. This is the agenda that makes Plymouth distinct. Closely tied to that is the need to raise aspirations. We not only want our children and young people to set their sights higher, but for those in contact with them to have higher expectations; for people to want to come to Plymouth as a place where they can develop and prosper. We do not want the local population to be held back by deprivation and inequalities, but to contribute to and share in the city's growth. At the same time, we recognise that we are operating in tight financial circumstances and need to be innovative, resourceful, more customer focused and provide greater value for money.

23 These four priorities are all interlinked, with the growth focus particularly pertinent to our current situation Plymouth. Together with partners we have agreed a set of very high level long term outcome measures that sit under the priorities and for which we share collective responsibility. Under these sit a set of medium term outcome measures which will contribute to the delivery of the high level ones and involve effective partnership working if we are to achieve the desired results. These are almost finalised, with the next step to agree targets across all the measures. The priority descriptors and the outcome measures are listed in the tables below.

Plymouth 2020 priority descriptors			
Deliver growth	**Raise aspiration**	**Reduce inequality**	**Provide value for communities**
Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality homes, jobs and infrastructure	Promote Plymouth and encourage people to aim higher and take pride in the city	Reduce the inequality gap, particularly in health, between communities	Work together to maximise resources to benefit customers and make internal efficiencies

Level 1 Outcome Measures			
Increase the number of jobs in Plymouth	Increase in the percentage of working age people with level 3 and above qualifications	Reduce the gap in life expectancy by at least 10% between the fifth of areas with the lowest life expectancy and the population as a whole by 2020	Increase the value of commissioned goods and services by civil society organisations
An increase in the headline gross value added per head index at current basic prices	Increase in graduate retention rates in the city from local colleges	Reduce the rates of premature mortality (<75 years) in men from all causes by 40% by 2020	Customer satisfaction with all public services offering VFM
An increase in the average gross weekly pay of full time workers	Increase in the number of visitors coming to the city	Reduce Child Poverty	People who feel they can influence decisions in their locality
Offering a good range of housing in safe, inclusive and sustainable communities	Overall / general satisfaction with local area		Per Capita CO2 emissions in the LA area
Deliver connectivity with key regional, national and international markets	Rate of small businesses with turnover greater than £100k		% of people who believe people from different backgrounds get on well together

Plymouth City Council & P2020 priorities			
Deliver growth	**Raise aspiration**	**Reduce inequality**	**Provide value for communities**

Level 2 Outcome Measures

Hectares of employment land delivered per annum	Achievement of 5 or more A*-C grades at GCSE or equivalent incl Maths & English	Reduction in the educational attainment gap at Key Stage 4 between the most and least deprived localities in the city	Increase in the value of commissioned goods and services
Percentage of developments meeting quality of design and place-making criteria	General satisfaction with public sector organisations	% of vulnerable families scoring 4 or more of the 24 factors that contribute to the definition of vulnerability	Increase in the use of volunteers
Economic sector growth	Achievement of a Level 3 qualification by the age of 19	Child protection plans lasting two years or more	Customer satisfaction with the council offering vfm
Deliver strategic and local infrastructure	Reduce under 18 conception rate	Social Care clients receiving self directed support.(direct payments & individual budgets)	% of priorities identified at neighbourhood meetings that have been resolved
Improvement in public perceptions of violent crime levels and image of city – public and business *– still in discussion on this*	16 to 18 year olds who are not in education, training or employment (NEET)	Prevalence of breastfeeding at 6-8 weeks	Percentage of household waste sent for reuse, recycling and composting
Deliver a sustainable environment	Graduate retention rate	Worklessness and skills outcome measure being prepared	CO_2 reduction from public sector operations
Rate of non-domestic property fires *– still in discussion on this*	Public sector staff perception	Housing decency - Number of Category 1 Hazards removed	No of racist, disablist, homophobic and faith, religion and belief incidents
Number of affordable homes	Rate of anti social behaviour incidents per 1000 population	Narrow the gap in overall crime	First point of contact resolution and percentage of avoidable contacts – different targets for each agency
Net additional homes provided	Number of active interventions through Positively Plymouth marketing campaign	Reduce the rate of accidental dwelling fire casualties	Level of community engagement in neighbourhood plans
Improved rail journey times		Reduce the rate of adult smoking	
Percentage of households connected by broadband		Narrow the gap in Coronary Heart Disease (CHD)	
Improved road journey times		Decrease the rate of childhood obesity in Year 6 children by 10% by 2020	
		Reduce the rate of alcohol-related admissions by 2020 to 2010 levels	
		Access to services and opportunities through transport provision	

NB: Some changes still being made to these outcome measures

Finance and efficiencies

Financing our priorities

24 We remain committed to sound financial management as a basis for achieving our priorities, providing good quality services and protecting those who are most vulnerable. We aim to put resources behind our priorities and move them away from those areas that are less important or where we can stop doing things. We also want to increase our income where we can and be more resourceful, so achieving a priority is not always about putting more money behind it. We resource our priorities over time, so some priorities may feature more strongly as circumstances change. This year we are particularly focusing on value for communities and the efficiency agenda. We are also protecting budgets around growth and have increased resources to cover rising demand around adult and children's social care. All our budget delivery plans are assessed for their impact on our four priorities, particularly equalities.

Operating in a difficult financial climate

25 The 2010 Comprehensive Spending Review (CSR) proposals were announced in October 2010 with the detailed local authority settlement coming on 13 December. It means a reduction in real terms of 28% in the local authority formula grant over the next four years. In addition, the new government has instigated a full review of public sector pension provision, the results of which will not be known until spring 2011. The current economic climate is causing significant budget pressures, as we experience the impact of reduced income from our car parks and commercial rents. The downturn has brought reduced interest rates and therefore reduced income from our treasury investments. Our ability to use future capital investment in the city to stimulate growth and regeneration will also be restricted. Capital grants and spending will significantly reduce, by as much as 45% in some areas, and funding for programmes that were previously planned, such as Building Schools for the Future, have already been withdrawn. We also face increasing spending pressures in areas like adult social care and children's care services.

Medium Term Financial Strategy

26 Although times are challenging, we have a sustainable Medium Term Financial Strategy, having for some time been modelling for a significant reduction in the government's formula grant and requirement for a council tax freeze. During 2010/11, we applied a £4m in-year funding reduction in response to the new coalition government's emergency budget and made some adjustments to our capital programme. We have standardised inflation allocations for departments at 0% for the next two years and 2% in 2013/14. We have also removed any overall pay award allocations for the next two years, while retaining 2% for 2013/14. We rolled forward the 2010/11 reductions into our calculations for forthcoming years. Following the settlement announced in late December 2010, we have grant funding confirmed for 2011/12 and 2012/13 only, with an indication of income for the next two years. We expect our income from the formula grant and council tax to fall from £201.8m at the start of 20010/11 to £186.7m by 2013/14, which represents a shortfall of around £30m if these income streams had kept pace with inflation.

Three year net revenue budget by department

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Children's Services (excluding schools)	51.111	49.383	50.302	49.288
Community Services	110.777	109.180	106.905	104.943
Development & Regeneration	16.184	17.074	15.617	15.094
Corporate Support	31.479	27.400	24.826	21.675
Chief Executive's	1.728	1.509	1.376	1.165

27 To address this likelihood we set up 11 theme based budget delivery groups with efficiency saving targets ranging from 40% by year three for some back office functions and 6% by year three for some front line ones. The advantage of this approach has been that it has enabled us to look at entire spend for a specific function, such as policy & performance across all departments, identify duplication, process improvements and alternative delivery arrangements. We aim to achieve efficiency savings of around £26m over the next three years through this work, which together with other rolled over efficiency savings will enable us to balance our budget. Community Services is by far our biggest budget, followed by Children's Services excluding school budgets - where there are delegated budgets which are not part of these calculations. The big percentage savings are in back office functions in Corporate Support and Chief Executive's.

28 Although our budget is declining we still have the freedom to move resources around within that reduced amount. We have, for instance, allocated £0.7m for increased numbers of children in care; £0.2m for the pay increase for low paid workers, who may be exempt from the local authority pay freeze; and, £1m to cover demographic changes in Adult Social Care. Our average Council Tax was the lowest in the region for 2010/11 and may well remain so, given the freeze on any increases and the tight financial situation facing all councils.

Efficiency focus

29 We are using the challenging financial context to look at how we can become more efficient and improve services, not simply cut back our budgets. The proposals that have come out of the budget delivery groups have been built into departmental budgets over the next three years and it is the responsibility of departments to ensure delivery.

30 Inevitably the scale of reductions required will mean some posts are likely to go. Over the next three years we are looking to reduce the combined direct and indirect costs of the workforce, including overheads, by £18m or 14% of the total wage bill. Support services and administration will see the most significant changes through proposals to improve customer services, ICT modernisation, accommodation rationalisation and changes to working practices. Our management structures across the

Our efficiency savings focus

Council-wide efficiency focus

- Reductions in spending on support functions, including administration, and amalgamating functions across the Council wherever possible
- Increasing efficiency and improving customer service by directing more calls through the Council's customer contact centre and investing in a new website to enable more transactions to be made online
- Reducing accommodation costs by rationalising the number of buildings used by the Council and changing working practices
- Substantially reducing spending on subscriptions to external bodies and on print and publicity across all Council services
- Investigating ways of increasing income, including raising fees and charges
- Improving commissioning and procurement to get better value from our contracts and from our purchasing of goods and services
Investigating options for external organisations and the private sector to take over the running of some facilities

Chief Executive's efficiency focus

- Re-alignment and reduction of staff across council focused on policy, performance and partnership, with the focus on a smaller higher quality service, including consultation expertise
- Streamlining of partnership activity, governance and scrutiny; as well as strategies, plans and better co-ordinated research work
- Driving out duplication in communication across the council and improving clarity and focus both internally and externally
- Reduce print, publicity and advertising costs

Corporate Support's efficiency focus

- Changes to cash collection, facilities, property and debt and treasury management
- Raising income through fees and charges; with reduced audit costs
- Procure to pay buyer roll out greater standardisation across council; better category management
- Restructure of human resources staff in line with greater e-support and shared service development
- Review and revise terms and conditions
- Changes to legal, democratic and registration services
- Further roll out of Accommodation Strategy
- Business support restructure across council
- Integration of customer services and revenues and benefits, including Single Point of Contact and increased us of council website
- Bring more services into contact centre

organisation, including senior and middle managers, will also be reviewed. Overall, we estimate we will need to reduce our workforce by 500 posts in this period, in consultation with trade unions. Although we cannot rule out compulsory redundancies, we are actively seeking to avoid this situation where we can through natural wastage, planned retirements, recruitment controls, improved redeployment and training opportunities.

31 We have a good record of achieving efficiency gains in the past, though we, along with other councils, are no longer required to report efficiencies to government through national indicator 179. The departmental delivery plans are our efficiency programme for the future and central to our transformation.

Investing in transformation

32 In a new initiative to assist with the council's transformation programme we have established the principle of 'invest to save' projects. Departments can bid for investment funds where there is a clear business case delivering ongoing revenue savings. Examples of this approach include the already approved Accommodation Strategy; supporting the launch of a new website for our customers that will allow 24/7 access, greater functionality and more efficient electronic transactions with the council; and, the upgrade of the Care First system to improve our management of client information in adult and children's social care.

33 Investment in improved Information and Communications Technology (ICT) is fundamental in achieving greater efficiency, more customised services and transformation. It will enable us to have one consistent, joined up and reliable source of information on the customer; support flexible working across all our buildings and better links with partners; increase the use of e-learning facilities and provide greater functionality to support e-transactions and other customer contact. These are all central to our ICT Strategy, where we have initially prioritised investment and activity that supports the Accommodation Strategy and replacement website. We are striving to reduce the number of applications used within the council and consolidate around enterprise-wide

Services for Children & Young People's efficiency focus

- We are transferring services such as policy and performance to the corporate centre.
- In Children's Social Care the focus will be the continuation of wrap around services and risk managed diversion strategies, to ensure that children are able to stay with families in a safe environment wherever possible. We have driven down placement costs this year and will continue to do so.
- We will continue our reductions of admin staff to deliver further efficiency savings
- Policy reviews, such as the transport review and the work regarding Special Educational Need, will address underlying pressures, whilst ensuring the most vulnerable are supported.
  The programme will inevitably lead to significant changes and the partnership with schools will also be a key feature in shaping the size and transformation of the department in future.

Community Services' efficiency focus

- Domiciliary care services – maximisation of block contracts and standardisation of unit rates; efficiencies across in house and externally provided services
- Care management services – reviewing high cost packages and alternative service provision
- Remodelling of service and standardisation of unit rates for Supported living, Day care, Enabling and floating support and Residential Care – under 65
- Workforce remodelling linked to CareFirst 6 and Charteris Business Process Re-design
- Increase bulky waste collection charges
- Transfer of maintenance of some public toilets
- Some playgrounds and bowling greens to local community ownership/clubs
- Cemeteries and crematoria increase in fees
- Rationalisation of Environmental Services structure
- Reducing revenue support to Theatre Royal and Pavilions
- Library service modernisation
- Museums restructure
- Leisure Service Management contract
- Events, grants and other funding initiatives

Development & Regeneration's efficiency focus

- Review and rationalise Family Intervention and Anti-Social Behaviour services to account for lost grant
- Replacement of New Growth Points revenue grant through the creation of a ring fenced revenue growth fund from potential new revenue streams
- Removal of remaining contribution to former City Development Company
- Package of transport options proposed to identify budget savings – through increased income and or revised service provision – e.g. subsidised bus fares, shop mobility and additional car park charges.

ones. We want a wider, higher skill base with staff using common tools across the council and with partners to improve the way we work with information. This requires the cooperation of all departments and it is intended that the new corporate ICT architecture will be designed and delivered with the help of key partners, bringing in both expertise and capacity at a critical time.

Managing our investments

34 We have improved our financial reserves considerably over the years from a once poor position. Our working balance at 31 March 2010 was £11.5m or 5.7% of our net revenue budget, which is in line with unitary council averages. Our plan is to retain this level throughout 2011/12. In addition, specific earmarked reserves are forecast to reduce to £13m at the end of March 2011 and to £11.4m by March 2012. These specific reserves cover known or estimated costs for specific activities and/or liabilities, such as the Waste Management Reserve to meet interim revenue costs of waste disposal prior to the planned delivery of the energy from waste plant.

35 We receive and spend significant sums of money in order to provide services to people in Plymouth. Effective Treasury Management maximises our financial return on cash balances throughout the year whilst minimising risk. Our Treasury Management Strategy details our approach and rules around investment and borrowing and specifies the financial organisations that we are able to transact with, based on sound risk assessment. Due to continuing low interest rates, we will continue to make use of short term variable borrowing to cover cash flow. New investments throughout the year and cash balances have a target to achieve an overall return of greater than 1%.

Our capital and asset programmes

36 We remain committed to a significant capital investment programme. It supports our growth agenda for the transformation of Plymouth, while providing more immediate job opportunities in the construction industry. There remains significant volatility around future capital grant funding and income generation through capital receipts. The settlement was for two years only and apart from schools' funding the majority of grants are now un-ring-fenced, giving us greater flexibility to match funding with city priorities. Until the full implications are known, we have placed a hold on new commitments against any un-ring fenced funding. Although the current programme has little new investment in 2013/14 and 2014/15, this is likely to change as new grant allocations are confirmed. For example, the council was advised in late December 2010 that Plymouth had been awarded £19m ring-fenced revised Building Schools for the Future funding for two Academies. This has been reflected in our capital programme.

37 In reviewing our capital programme we have continued to reduce our reliance on capital receipt funding, given the current economic climate, and it now stands at £28.2m over the five year period. We have also built in additional temporary borrowing to cover the shortfall in capital receipts, which can be repaid in future years to coincide with rises in capital receipts as the economy improves. The situation is a fluid one and we will continuously monitor it.

Five year departmental capital programme forecast

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Children's Services	30.759	33.412	10.211	0.000	0.000	**74.382**
Community Services	20.212	24.007	2.331	0.000	0.000	**46.550**
Corporate Support	2.658	6.987	0.560	0.500	0.000	**10.705**
Development	23.828	20.795	5.386	5.160	5.829	**60.998**
	77.457	**85.201**	**18.488**	**5.660**	**5.829**	**192.635**

38 We remain committed to using our assets better to support the growth agenda and to provide more efficient service delivery with our partners; as well as being more sustainable in terms of energy and transport usage. We have developed a new corporate property database and a council community asset transfer strategy, which will respond to the new coalition government's agenda on devolving more control to communities. Our accommodation strategy involves a one-off capital investment of £6.4m and revenue one of £0.8m to rationalise our office premises and generate year on year savings of £1.5m. This approach will fundamentally change how we work with each other and relate to customers, with consequent efficiencies and service improvements.

Funding source - £m			
Capital Grants/ Contribution	91,937	Capital Receipts	28.283
Supported Borrowing	33.260	Section 106/ Revenue/Funds	10.682
Unsupported Borrowing	28.473	Total	**192.635**

Significant schemes for delivery by 2014

- £37.5m on the state of the art new college at Tor Bridge
- £14.2m on improving schools in Southern Way Federation
- £8.6m for a new School at Efford
- £20m on improving transport access in Eastern side of the City Centre
- £21m on improving transportation in Plymouth (Local Transport Plan)
- £46.5m on Plymouth Life Centre
- £0.5m on a new Library for Plympton
- £3.88m on bringing Devonport People's Park 'back to life'
- We are also developing a long term waste disposal solution with Torbay and Devon County Councils, with the planned delivery of the multi-million pound energy from waste plant, with the Waste Partnership looking to announce a preferred delivery partner in 2011 for this Private Finance Initiative (PFI). Completion is currently planned for 2014

Operating within a partnership context

39 Although our focus is on achieving shared priorities, we recognise that our partners have additional challenges that reflect their particular circumstances and legislative context and which draw on resources, time and energy. For instance, our health partners have to make £20m annual efficiency savings at the Plymouth NHS Hospital Trust in order to meet rising demand; while Plymouth NHS Primary Care Trust has to transfer commissioning to GPs, public health to the council, set up new provider mechanisms for its community provision and further integrate adult social care. Both the Fire and Rescue Service and Police face financial pressures, with the latter having to plan for elected police commissioners; while the University, City College, third sector agencies, defence establishments and the private sector also all face pressures in the current financial climate. We are conscious of the impact that decisions taken by one partner can have on others in terms of unintended consequences and demands on service delivery. We have been sharing information on a partnership basis and using the scrutiny process to address this risk. We are also working more extensively with the private and community sectors to lead the city's growth agenda.

Consulting on and scrutinising our budgetary proposals and priorities

40 Our public consultation on the budget elicited 466 on line responses with corporate support identified as the main area for efficiency savings, with better joined up internal support and a reduction in the number of buildings we use. Increasing charges in some areas was also seen as a way of managing the tight budgetary situation. Partners also contributed to the process. Both police and health representatives stressed the importance of partners assessing the impact on each other of changes in their respective organisation. Business and culture sector representatives welcomed the focus on growth, with the latter also highlighting the importance of transformational change. From the voluntary sector the emphasis was on supporting preventative activities, addressing inequalities, particularly around health, and protecting the needs of those who are most vulnerable. Overview and scrutiny members put a great deal of stress on ensuring that the impact of any changes was effectively understood and managed. Delivery is seen as the key issue within a challenging environment.

People and transformational change

Transforming the council

41 Over the next few years we will be very much about change - changing our culture, changing our service delivery and changing our structure. Our staff will be central to that change in terms of how they work with each other, relate to customers, partners and contractors. We are likely to be a smaller organisation, as we seek to share back office functions with partners and become more of an enabling body. We have some way to travel, but we are on the road having come through job evaluation, adopted competencies, improved appraisals and some of our management information. We are also getting to know more about our staff and what they think, giving us a baseline as we roll out our change programme. Staff will need to get used to managing change on a continuous basis, supported by clear strategic direction and good communication. As stated earlier we are forecasting a reduced wage bill of £18m over the next three years, which equates to approximately 500 ftes and will carefully manage this process in full consultation with staff and unions. We have seen changes in recent years, such as the Amey contract around road maintenance and setting up of Plymouth Community Homes; but these have not significantly altered the way the council works. A much greater cultural change is required if we are to meet the challenges ahead.

Staff survey

42 Our 2010 staff survey had a 58% response rate, with 2,617 completed returns. This was a considerable improvement on 2007, with the great majority of responses more positive than last time. The biggest improvements were around staff getting customer feedback, manager feedback and motivation, learning and development, pay being fair and enjoying the job. Only 11 areas out of 58 went backwards, the worst being job security, not surprisingly given the national public finances situation in 2010, feeling action will be taken on the survey, induction information and feeling able to challenge how things are done. We did better than previously against local government comparisons, though there is still a way to go against major private sector employers. We are currently analysing the results on a service basis and will be responding to the findings. Key issues are around managing change well and staff feeling engaged in the change process.

Highlights from our autumn 2010 Staff Survey

Select questions and positive responses	Plym 2007	Plym 2010	Nat 2009
Morale is good where I work	37%	36%	45%
I feel my job security is good	33%	19%	49%
Manager gives regular feedback on how I do	52%	67%	55%
Manager motivates me to be more effective	43%	59%	48%
Directors/*senior mgt* provide effective leadership	26%	33%	33%
Directors/*organisation* manage change well	21%	29%	28%
Directors/*senior mgt* open/honest in staff coms	28%	30%	34%
Directors/*senior mgt* aware of what I have to do	24%	22%	29%
I am able to challenge ways things done	34%	26%	39%
I believe action will be taken on survey	33%	22%	39%
Happy how development needs identified	47%	65%	54%
Job makes good use of my skills and abilities	74%	79%	77%
Cooperation between teams good	56%	66%	61%
Get customer feedback	38%	57%	38%
Act on customer feedback	46%	69%	51%
Treated with fairness	60%	74%	67%
I feel my pay is fair	42%	60%	43%
I am happy/*proud* to work for council	51%	78%	72%
Would tell others good place to work	50%	58%	63%

The table compares our 2010 performance against that in 2007 and other local government agencies in 2009, with red scores negative, green ones positive for us.

Staff profile

43 Employment in the council is skewed towards the older age range, with 69% of staff over 40 and 38% over 50. This profile is slightly more exaggerated in Community Services where the comparable figures are 71% and 41%. Only 9.4% of staff are in their twenties and 0.3% are teenagers. More than two-thirds of our posts, 68%, are occupied by women. This profile is even more exaggerated in Children's Services where the comparable figure is 83%. Only Development bucks this trend with 52% of posts occupied by men. Women account for 48.35% of our top 5% of earners within the council.

Staff by Department November 2010				
			Excluding schools	
	People	Jobs	People	Jobs
Chief Executive's	50	50	50	50
Community Services	1,583	1,627	1,583	1,627
Corporate Support	1,008	1,101	1,008	1,101
Development	358	361	358	361
Children & Young People	8,017	10,013	1,494	1,660
Council-wide	11,016	13,152	4,493	4,799

44 Our workforce is predominately white. Of those 88% of posts where ethnic origin is identified on our system, 94.7% are 'white British' with this rising to 98.1% when 'other white background' and 'white Irish' are added. The black and minority ethnic (BME) grouping as a whole accounts for 5.3% of posts in the council; whereas BME staff account for 16% of Plymouth NHS staff. The BME population of Plymouth is around 6.6%, having trebled in the last 10 years, and is expected to rise to around 10% by 2012. Staff identified from employment records as having a disability account for 3.7% of posts; with the figures for Community Services and Corporate Support being 4.6% and 4.2% respectively. This percentage is almost certainly lower than the city's economically active populations with a disability and may reflect, in part, people either not wanting or not feeling the need to identify a disability, particularly if it does not impact on their work.

Staff profile – transformational points

- The potential loss of experience and knowledge will be an issue for the council, particularly at a time of financial constraints, staff reductions and less recruitment. Succession planning and talent management should help here. Our use of apprenticeships could be further developed, together with internships, albeit with the caveat around recruitment restrictions
- Greater representation of men and women in what are often 'non traditional' male/female occupations and a stronger balance across higher paid posts
- Having a workforce that represents more accurately the changing demographics
- Ensuring we are providing opportunities for people with disabilities as part of the change agenda

Staff appraisals

45 We are achieving a high percentage of appraisals, at 94.4% of those it was possible to complete. Our staff survey states that 77% of staff felt their appraisal was accurate and fair, with 68% feeling their manager helped them focus on performance. This compares to 82% and 61% in 2007. Last year 11% of staff did not meet expectations and there have been improvements amongst those staff since, which is good. This year, with appraisals now linked to grade progression 3.9% did not meet expectations, 84.7% met them and 11.3% exceeded them.

Staff absence

46 We lose 6.59 days per year per employee in sickness absence, rising to 9.36 days when school staff are excluded from the equation. The former figure is near the 6.4 national average using CBI data and below the 8.3 public sector average from the same data; with the figure clearly higher when we look at non school staff. Our immediate aim is to get down to the 6 day national average.

Staff absence by department – days per year				
			Excluding schools	
	FTE	EMP	FTE	EMP
Chief Executive's	7.24	7.15	7.24	7.15
Community Services	14.76	11.98	14.77	11.98
Corporate Support	13.56	10.23	13.56	10.23
Development	10.70	9.86	10.71	9.88
Children & Young People	8.00	5.40	11.02	7.91
Council-wide	9.23	6.59	11.85	9.36

PEOPLE, ACCOMMODATION, ICT STRATEGIES – KEY COMPONENTS

PEOPLE

- Support staff through change
- Pay and reward – competency framework, review terms and conditions
- Flexible working
- Enhance leadership capacity and Member development
- Skills audit and skills development
- Workforce planning – recruitment and retention
- E-management on line info
- Realigning corporate training; developing e-learning
- Modern employment practices – Investors in People
- Management by outcomes

ACCOMMODATION

- Improved reception facilities for customers, stronger image
- Flexible accommodation – hot desks, touchdown areas, remote working, video conferencing
- Reduce office storage space by 50% - e-storage
- Opportunities for co-location
- Communal meeting spaces, break out and refreshment areas, confidential rooms
- 8 workstations to 10 people; standardised office furniture
- Reduce energy/travel costs
- Support a learning, inter-active culture

ICT

- Common ICT infrastructure across council
- Integration and standardisation of requirements of council and partnership
- ICT systems that can communicate with each and protect confidentiality
- Achieve economies of scale and reduce replication
- Improve information flows and customer engagement
- Improve information management and storage

INTEGRATED DEVELOPMENT AND DELIVERY

Developing our workforce

47 Over the past two years, we have been aligning our people, accommodation and ICT approaches and requirements. Progress has been made with some on-line management information, office redesign, desk ratios and ICT connectivity, but we need to be making even stronger progress now. These are all areas that are critical to achieving the kind of efficiencies we want and attracting people to work for and with us, if we are to be an employer and partner of choice.

48 We must manage people better on the basis of outcomes. We must also ask people to be far more resourceful and innovative. We need to be more demanding here. While people should be given more responsibility, this must go with more accountability. We need more and better change, project and contract management, either through developing our staff, buying in or a combination of the two. Our staff will need to be more flexible and multi-skilled. We plan to do a staff audit as part of our on-line management information programme. This will enable us to identify and make better use of skills we already have, as well as identifying areas we need to develop.

Managing the business

Evaluating and delivering outcome measures

49 With less national focus on top down performance indicators and inspection we have greater freedom to do what we think is best for our circumstances. That does not mean that we can forget about performance indicators, as we need measures to evaluate our performance and get an indication of how we are progressing. In the past there has been a fixation nationally around targets and this has sometimes led to perverse outcomes, as people adjust behaviour to meet targets, often at the expense of equally or more valid outcomes. We will focus on what the measure is telling us about our performance to date, how that sits with the trajectory we need to be on to meet our ambitions and what, if anything, we need to do to alter performance. The emphasis will be on analysis, trends and decisions. Similarly, we will have better plans in place for achieving our outcomes, with resources more effectively aligned behind them. More time needs to be spent on effective scoping, planning and risk assessment, with strong but not overly bureaucratic programme management.

Reducing strategies, plans and partnerships

50 We will be rationalising the number of strategies and plans that we have and ensuring that those that remain relate to each other much better. We will have an overarching, high level Plymouth Plan with our partners. This will replace the Sustainable Communities Strategy and be about strategic delivery. It will focus on the four priorities, the relationship between key strategies that feed into it and how we organise ourselves and our resources to achieve our aims as a partnership. Below this will sit fewer more detailed strategies and plans with the focus on delivery in critical areas. The Plymouth Plan will not replace the major strategies we have, some of which are statutory requirements, but show how they fit together. We are also rationalising the number of partnerships we have across the city. Again, the focus will be on delivery, with greater simplicity and less duplication. This should also help to streamline reporting arrangements.

Integrated business planning across the partnership

51 We have developed an integrated business planning approach with our key partners in Health, the Police and Fire and Rescue Service to align key planning milestones; operate to a shared intelligence base; develop shared priorities; allocate resources behind those priorities and plan future delivery across headline areas. The key components of this approach are:

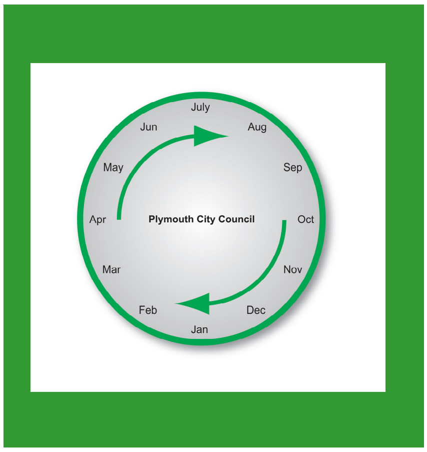
- Alignment of key planning milestones rather than a single planning process
- Plymouth Report as shared intelligence base
- Four shared priorities across the partnership arising from analyse of Plymouth Report
- Level 1 outcome measures for Plymouth 2020 partnership and Level 2 outcome measures covering contribution of key partners
- Development of shared high level plans and overarching Plymouth Plan

Council planning cycle

52 The aim of the planning cycle is to ensure the right decisions are made at the right time. With headline priorities established for a number of years it is envisaged that this process will become more light touch in future years, as resources and outcome measures are refined and adjusted rather than developed from scratch.

Consolidate & reflect
1st quarter April-June: end of year reconciliation of accounts, performance outturn figures, up-date needs analysis/Plymouth Report

Start/finish -



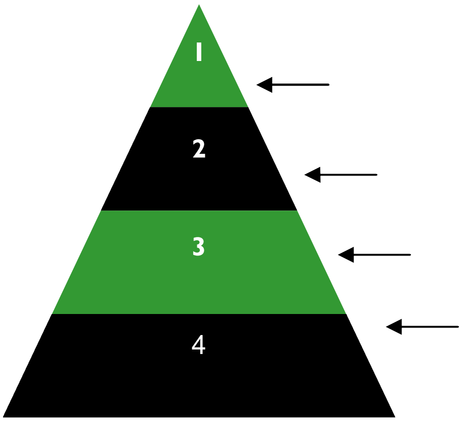
Focus on challenges & priorities
2nd quarter July-September: analyse performance, budget pressures and future challenges at partner, corporate and service level, refine priority outcomes where appropriate and align headline resources

Formal approval and refinement of detailed plans
4th quarter January-March; approval of corporate plan and budget, make necessary refinements to detailed business plans and programmes

Develop detailed budgets to support priorities
3rd quarter October-December: develop detailed budgets and priority focus, produce draft corporate and budget plans

Plymouth's pyramid of prioritiy outcome measures

53 The aim of the pyramid approach we adopt is to allocate responsibility clearly and also ensure that issues are resolved at the earliest level



1. Our shared four priorities with partners and headline Level 1 outcome measures – P2020 Board/Theme Groups/CMT (6 monthly/annually)

2. Our Level 2 critical contributing outcome measures delivered with partners – CMT (quarterly/monthly)

3. Departmental and service Level 3 measures for delivering crucial business as usual – Departments/CMT (quarterly/monthly)

4. Team level Level 4 measures – monthly to service management teams

Key delivery and accountability arrangements

54 We are about to review our various partnership and scrutiny arrangements to respond to new legislative challenges, build on our past success, reduce managerial and governance overheads where we can and be more focused on delivery. This work is also linked to a reduction in strategies and plans generally. The key aims are:

- Partnership arrangements that are focused on delivery with clear plans and outcomes
- Stronger resource alignment behind focused delivery
- The focus on making decisions that impact on actions, rather than receiving and noting information
- Better linkages on delivering priorities to identify cross cutting impacts and combined pressures on resources
- More streamlined reporting arrangements with the focus at the right level
- More streamlined and integrated scrutiny arrangements

Risk management

55 Good risk management and the actual taking of risks in some cases are critical for a council with an ambitious vision and a difficult financial terrain to negotiate. Risks are managed at a project, departmental and corporate level and also form part of the competency framework and appraisal process. We also risk assessed our budget delivery proposals. The major risks facing the council, with their ameliorating factors, are outlined here.

- Significant reduction in formula grant following Comprehensive Spending Review – response: MTFS and budget delivery plans
- Reduced Homes and Communities Agency investment into new affordable housing and regeneration programmes – response: Local Investment Plan and prioritisation
- Capital programme reductions, including school build – response: prioritising and re-aligning programme generally, while awaiting national developments on schools

- Listing of Civic Centre and impact on council estate and alternative development options – response: market testing being undertaken to assess selling options
- Social Care client IT management system (Carefirst) which has problematic history – response: support team in place, programme management arrangements operational, process re-engineering work progressing
- Achieving carbon reduction commitment – response: working group in place, energy reduction measures adopted
- Increase in children subject to a protection plan or in care – response: focusing on preventative programmes to divert children from care
- Adult Social Care costs – response Programme Board monitoring plans and costs
- Energy from waste PFI and linked landfill allowance – response; monitoring situation as likely to exceed allowances from 2011/12, while waste solution might not be operational for 2014; recycling rates need to improve

Equality impacts

56 Key equalities issues facing the council over the coming years are outlined here. We have impact assessed our budget delivery proposals and other major work strands.

- Community Cohesion in Plymouth is in the lowest 25% in the country. We will need to improve this, particularly in the West of our city
- We recognise the current economic pressures and will work to minimise the affect this has especially on our vulnerable groups

- As the population grows and diversifies, services will need to adapt to meet this change. There could be greater demand on health and care related services as our population ages.
- Our BME communities are expected to grow and reach similar levels to other cities our size. We anticipate three or four communities to increase in number with some new smaller groups emerging. It is crucial that we involve and engage with them in service planning and delivery.
- We are determined to reduce the inequality gap particularly in health, between communities. We will align our activities to those neighbourhoods and diverse communities, where the gap is most acute.

Sustainability

57 Plymouth's commitment to a more sustainable city was reaffirmed in 2008 with the adoption of the Sustainable Development Framework 'Securing a Sustainable Future'. We will work closely with key partners and take the lead in ensuring that the growth of the city is sustainable, that we address social inequalities and support the responsible management of our environmental resources. In these recessionary times, working within sustainable limits also ensures we get value for money and that cost effective services can be maintained. A key focus for the council and city partners is the reduction of our carbon footprint to mitigate the economic and environmental effects of climate change. Plymouth has one of the lowest carbon footprints in the country at 5.5 tCO_2 per person in 2008 and we want to keep it that way. Groups like 'Plymouth 186', a citywide Low Carbon Network, have been set up to help businesses and public sector bodies cut their carbon footprint. The immediate focus is on utilising our shared expertise, changing behaviour and taking action.

- Reduce the council's carbon footprint by 20% by 2013 and 60% by 2020, as part of our contribution to the city's overall carbon reduction
- Ensure the council and the city minimises the waste it produces and has the right facilities in place for meeting the targets for recycling and sustainable disposal.
- Refine the council's target to reduce its consumption of water by 20% by adopting a Water Management Plan to make savings of up to £50,000 from our major buildings.
- Support knowledge transfer, building on existing sustainability expertise in the city
- Development of sustainable growth within environmental limits – including adoption a long term Local Carbon Framework and the commitment to action for a greener economy that this brings the city.

One approach

58 As a large, complex organisation working across many fields of activity and with many partners it is important that we have a strong sense of how things hang together and where decisions are best managed, with the matrix below showing this fit.

Bringing it all together

	City	**Council**
Vision ▼	■ To be one of Europe's fines, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone - a city that will be: ► A healthy place to live and work ► A wealthy city which shares and creates prosperity ► A safe and strong city ► A wise city that is a place for learning, achievement and leisure	■ An innovative, efficient and enabling council focused on our customers
Plan ▼	■ Plymouth Report ■ Four Priorities ► Deliver growth ► Raise aspirations ► Reduce inequality ► Provide value for communities ■ Key outcome measures ■ Plymouth Plan ■ Major supporting strategies (Policy Framework) ■ Integrated business planning ■ Risk and equality impacts	■ Corporate Plan ■ Service Business Plans ■ Transformational change plans ■ Integrated business planning ■ Risk and equality impacts
Do ▼	■ Plymouth 2020 ■ Theme groups ■ Major partnership vehicles and shared programmes	■ Projects and programmes ■ Commissioning and contract management ■ Business as usual delivery through teams and individuals
Review ▼	■ Monitoring and evaluation ■ Scrutiny ■ Internal and external challenge ■ Integrated business planning	■ Appraisals ■ Scrutiny ■ Monitoring and evaluation ■ Internal and external challenge ■ Integrated business planning
Decide ▼	■ Plymouth 2020	■ Corporate and Departmental Management Teams ■ Cabinet/Council

Listen, learn and challenge

Lead and communicate

Working more effectively across the council and with our partners we will deliver our ambitious agenda for modernising our services and delivering the vision for the city.

APPENDIX B

CORPORATE ASSET MANAGEMENT PLAN

2005-2015 (incorporating Capital Programme for 2010/11-2014/15)

PLYMOUTH CITY COUNCIL

A plan for making the best use of our assets to achieve our Corporate Objectives and support service delivery

Plymouth City Council

February 2011 Update

CONTENTS

Corporate Asset Management Plan for 2005-2015 (February 2011 Update)

Responsible Officer – Chris Trevitt, Head of Capital and Assets

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1.0 Service Overview

This year's Asset Management Plan provides an update to our previous plan together with information on plans and process for modernising the asset base in line with recent central Government initiatives.

The current economic conditions, a reduction in resources and re-prioritisation against the Corporate Plan has meant that we are adjusting some of our outcomes in order to recognise changes in time and current circumstances.

This plan formalises intentions around Asset Transfer and Carbon Management as well as updating Asset and Capital strategies to support the growth agenda and current Capital Programme Commitments.

Council Priorities

Following the Plymouth Report the priorities for the city, the council and our key partners have been reduced to four: deliver growth, raise aspirations, reduce inequalities and provide value for communities.

The Council has recommitted to our growth agenda and recognised that it needs to focus on it much more strongly if we are to achieve the step change required to achieve our vision for the city. This is the agenda that makes Plymouth distinct.

Closely tied to that is the need to raise aspirations. We not only want our children and young people to set their sights higher, but for those in contact with them to have higher expectations; for people to want to come to Plymouth as a place where they can develop and prosper. We do not want the local population to be held back by deprivation and inequalities, but to contribute to and share in the city's growth.

The Asset Management Plan contributes to these four priorities in a variety of ways and this is expressed in the figure below.

Figure 1: City and Council top level priorities

Plymouth 2020 priority descriptors			
Deliver growth	**Raise aspiration**	**Reduce inequality**	**Provide value for communities**
Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality homes, jobs and infrastructure	Promote Plymouth and encourage people to aim higher and take pride in the city	Reduce the inequality gap, particularly in health, between communities	Work together to maximise resources to benefit customers and make internal efficiencies

Asset Management Outcomes			
Increase the number of jobs in Plymouth by providing surplus sites for inward investment purposes	Increase in the number of visitors coming to the city and overall / general satisfaction with local area with general improvement in condition and accessibility of council properties	Reduce the gap in life expectancy by at least 10% between the fifth of areas with the lowest life expectancy and the population as a whole by 2020 by ensuring appropriate facilities are provided with health partners in all areas of the city and in particular those with high levels of deprivation	Increase the value of commissioned goods and services by the third sector by the asset transfer process
Offering a good range of housing in safe, inclusive and sustainable communities again by providing surplus site to the housing market			Increase in customer contacts resolved at the first point of contact across the public sector bodies by jointly rationalizing our estate with other public sector bodies to ensure joint facilities are provided where appropriate
			Per Capita CO_2 emission reduction in the LA area via the Carbon Management Plan
Some slight refinement of outcomes still in progress			

In addition to the above the Capital Programme will be aligned to these priorities and any new initiatives / projects will be prioritised against these outcomes

2.0 Corporate Property

The Council owns and utilises a large and diverse portfolio of property from which it provides its many services. The continued suitability of the property it utilises is a key factor in maintaining and enhancing the quality of the services it can provide to its customers. It is essential that Asset Management is coordinated and delivered on a corporate basis, with appropriate resources and processes in place to enable the continued adaptation of the portfolio, as the demands of the public, service providers and legislation change.

Corporate Asset Management is delivered for the Council by the Corporate Property Service which provides a suite of services aimed at supporting the whole life cycle of property through feasibility, acquisition, construction, occupation and disposal.

2.1 Council Assets

The Council operational portfolio comprises of 744 assets (including schools) with a value in the region of £560 million and a commercial portfolio of approximately 1,900 interests with a value in the region of £125 million, made up in the categories detailed below

Figure 2: **Plymouth City Council Estate – 2011**

Properties	Number of Assets	Value (£m)
Admin, Offices	30	38.1
Schools/Colleges	86	337.0
Youth & Community Centres	22	8.9
Libraries	18	7.3
Social Services Centres	19	15.3
Parks, Playgrounds & Open Spaces	372	-
Playing Fields	26	3.8
Allotments	30	-
Museums	5	17.4
Sports Complexes and Swimming Pools	8	17.7
Car Parks	87	62.3
Public Conveniences	34	2.5
Theatres	2	44.0
Cemeteries/burial grounds	3	1.3
Waste Management Centre	2	4.6
Commercial Property Interests	1,900	125.0

Shaping the Portfolio

The pressure to rationalise and yet provide the most suitable portfolio possible within available resources has been with the authority for many years. But recent announcements as part of the Government's austerity measures mean it is now critical that the whole portfolio is robustly reviewed to identify opportunities to generate revenue savings to support the retention of front line services.

2.3 Property Review

Corporate Property has now established a property review and performance model designed to measure performance of individual properties against a range of service and property performance criteria. This enables the best and poorest performing properties to be identified and thus providing a consistent and streamlined approach to support decision making by the services and the Authority as a whole. Results can be presented graphically on either a locality, category or portfolio wide basis facilitating decisions to retain or release assets at each of these levels.

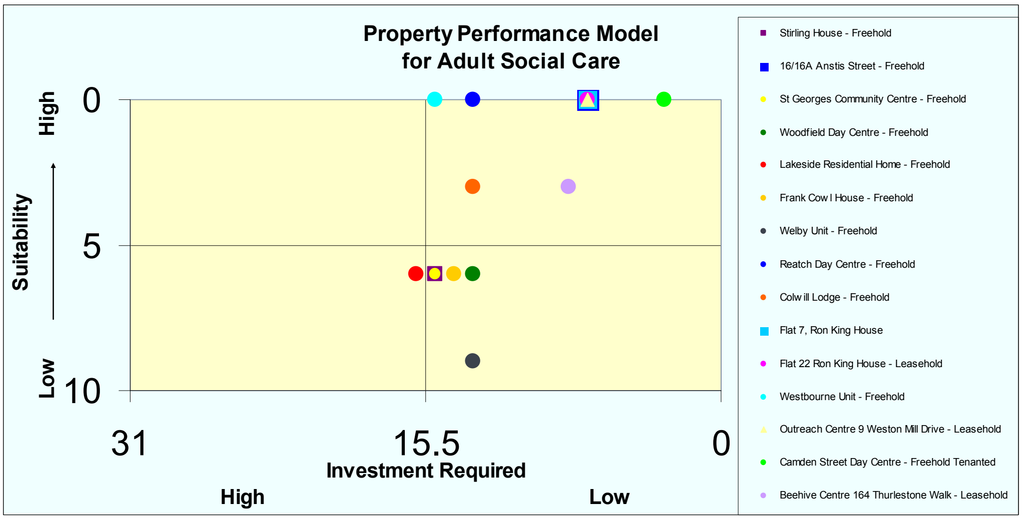


Figure 3: Example Property Performance Model

The results of the above can then be used to support individual services develop their service asset strategies as well as those on an Authority wide basis.

A framework has been developed to guide services and the Corporate Property team to provide consistency in the development of Service Asset Strategies, this has been included as Appendix 3 Service Asset Strategy Framework.

Accommodation Strategy – delivering flexibility and efficiencies

The Business Case for the first phase of the Council's Accommodation Strategy was approved by Cabinet on 10th August 2010, which sets out the case for implementation of the move from nine to three principal office buildings, set around the principles of improved space utilisation and flexible working practices. Requiring up front investment of approximately £7 million in ICT and building reconfiguration costs the resultant ongoing savings of £1.5m per annum accords with the Council's standards for 'invest to save' initiatives needed to address the revenue budgetary pressures that it faces.

The ultimate direction of the strategy continues to have a high dependency on the results of the ongoing review of the future of the Civic Centre due to its listed status and results in a wide range of options requiring consideration at this time subject to the decisions to be made.

A business case is now under development for a further phase of the accommodation strategy aimed at supporting the consolidation of a range of services enabling the delivery of portfolio rationalisation in outlying areas of the city. This will be brought forward for approval to both enhance the revenue savings of the first phase and deliver capital receipts from surplus properties.

2.5 Community Asset Transfer

The Council has a leading role in the delivery of the Local Strategic Partnerships Vision for the City including close partnership working with the voluntary sector.

Also through other strategies and plans such as the, Sustainable Community Strategy the Council sets out how it intends to support the development of the voluntary sector and empower local communities to develop and deliver solutions to increase sustainability, in turn making them stronger and more cohesive.

The Council recognises that the way its assets are managed and owned can have a positive impact on the long term strength of the voluntary sector and
local communities more generally. Also that the transfer of assets to other organisations can secure access to resources otherwise not available which can be used to develop assets and services which might otherwise be unachievable.

The Council's aim is to ensure that the way assets are managed strongly underpins delivery of its corporate vision, and where appropriate, will use asset transfer as a means of enabling Communities to become sustainable on a long term basis. To be successful, asset transfer requires a long term partnership approach involving all relevant stakeholders.

Central Government provided clear policy direction by accepting, in full, the recommendations of the Quirk review, therefore it is not an option to fail to give serious consideration and support the transfer of assets to the community. The Governments stance has developed via a range of reviews and publications and its intention are made clear in its proposed Decentralisation and Localism Bill where Communities will have the opportunity to take over the running of services.

Plymouth already has an established track record in the delivery of asset transfer to Third Sector organisations such as with the transfer of the Devonport Guildhall.

Figure 4:

Devonport Guildhall

The Council has been successful in transferring the property on a 25 year lease to a community arts group. The project, funded from both a successful £1million bid from the Community Asset Transfer Fund and Devonport Community Partnership (£500,000) has resulted in an immensely important building having a secure future and removal from the Buildings at Risk Register.

However in order to develop a consistent, proactive and progressive approach to this agenda, in partnership with the Asset Transfer Unit, the Council has developed a Community Asset Transfer Policy and Process (Appendix 2). The process sets out the principles and provides a framework for supporting the successful delivery of asset transfer to the community and the decision making process for applications.

2.6 Partnership working and co- location opportunities

Officers from the Council, including those from Corporate Property, sit on a number of working groups alongside Public Sector Partner Organisations, to review service delivery including developing opportunities for joint working and co-location opportunities. To some extent progression has slowed due to the need for organisations such as the PCT to develop solutions to deliver services aligned to the Governments changing agenda for their service delivery. However the Council's Accommodation Strategy is considered to be flexible enough to accommodate opportunities as they arise.

There is demonstrable success in establishing co-located services including:

- 4 Plymouth Council premises where the police have teams located and working jointly with the council and over 20 occupied by joint PCT and PCC teams.
- The successful transfer of Devonport Guildhall and relocation of the library to St Aubyn's Church demonstrates success in working with a number of groups including Devonport Regeneration Community Partnership.
- Further proposals are in development including a proposal to relocate one of the Council's ICT data centres within the Plymouth University campus.
- Corporate Property and the Council's Planning Department are currently working with English Heritage, private sector specialists, local businesses and the community in the development of a long term strategy and business case to protect the future of the Plymouth Palmerston Forts. This includes detailed action plans to inform the future use and viability of the sections of this historic defensive chain which are owned by the Council.

2.7 Managing the Asset

Due to the limitation on resources and constantly changing Local Government agenda the Corporate Property Service is continually challenged to ensure it provides the best fit service for the demands the Council has placed upon it. To this end a range of improvements have been implemented and plans in place to provide the systems and tools required to do this:

2.8 Data Management

In order to deliver the dual benefits of delivering a single view of the asset and to provide appropriate accounting capability to deliver the demands of the IFRS regulations, the service is in the process of transferring its current property information management systems to one system provided by a market leading software provider.

2.9 Maintenance Strategy - Condition, backlog maintenance and legislative compliance

The Corporate Maintenance Strategy, instigated in April 2008, aims to provide effective building maintenance and premises legislative compliance within the resources available.

The strategy provides a framework for prioritising planned and reactive maintenance of corporate buildings where maintenance budgets were centralised in 2007/08 (excludes schools and other buildings where budgets have remained under the direct control of building managers) and facilitates a fit for purpose built environment capable of supporting corporate and service level objectives such as:

- Improved customer satisfaction and service image
- Maximise income generation and minimise revenue expenditure
- Improve staff productivity
- Risk management (e.g. statutory compliance) and business continuity

Recent improvements and actual performance:-

- The current predicted planned/reactive building maintenance spend for 2010/11 is 65% planned and 35% reactive. This is now approaching the industry best practice benchmark of 70:30 and recommended by the Audit Commission compared to a generally unknown position previously.
- A full suite of contracts for cyclical inspection and maintenance of plant, equipment water systems has been reviewed and let during 2010, reducing risk of statutory compliance failure. Now available to all Council premises managers and responsible persons.
- Completion of a legislative compliance gap analysis indicating the links between the corporate maintenance strategy, Capital and Assets Business plan, person in control initiative and the Plymouth Association of Primary Heads school legislation compliance initiative.
- Establishment of a statutory compliance joint working and monitoring group with the corporate Health & Safety Team
- Development of departmental Quality Assurance system.

The updated condition survey data indicates the following status related to condition and backlog building maintenance in the corporate portfolio:-

Figure 5

Table 1: Percentage of Gross Internal Floor Area (GIA) in Condition A – D

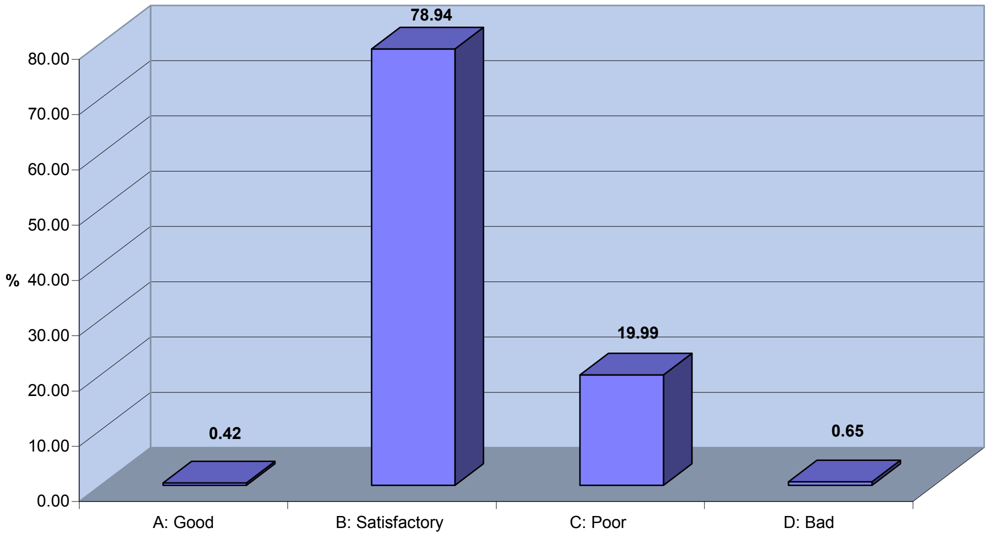
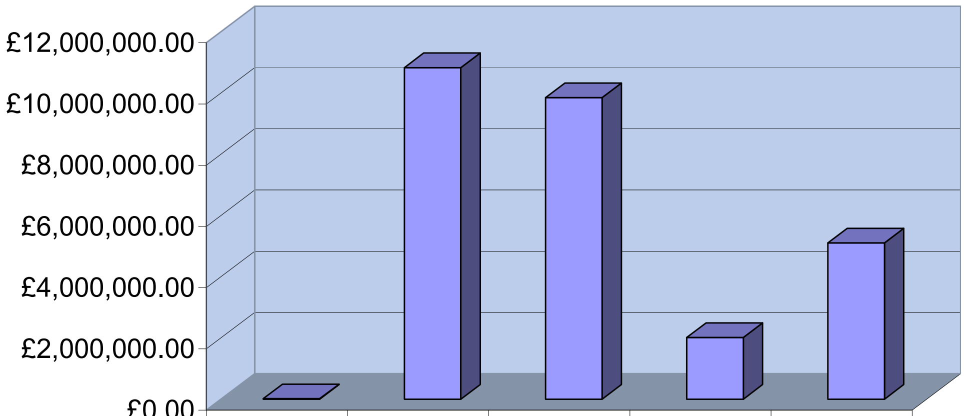


Table 1 indicates that 79% of the corporate property portfolio surveyed is condition B (satisfactory), 20% is in condition C (poor), Condition D (bad) at 0.65%. Condition A (good) increased to 0.42% which is broadly similar to the levels reported in the 2010 AMP update

The backlog building maintenance figures related to condition A (good), Condition C (poor) have increased to £15.6k and £9.84 million from £12k and £8.49 million respectively in 2010. The backlog building maintenance figures for condition B (satisfactory) and condition D (bad) have decreased to £10.8 million and £2.0million from £13.7 million and £2.7 million respectively. However, the N condition rating relates to low priority properties that need to be resurveyed to bring them in line with the current performance benchmarking methodology.

Figure 6:

Table 2: Total Backlog Maintenance Costs of Properties in Condition A, B, C, D and N



	A: Good	B: Satisfactory	C: Poor	D: Bad	N: Not re-surveyed
Total Backlog Maintenance Dec 2010	£15,604.00	£10,831,272	£9,849,797.79	£2,013,687.00	£5,103,880.00

Overall the backlog building maintenance figure is £27.8 million, which is a decrease from the £28.8 million reported in February 2010's AMP update. Progress on reduction of backlog building maintenance has been slowed by the inclusion within the corporate estate of newly introduced sites, formerly HRA, with substantial levels of backlog maintenance. Additionally, the method of prioritising budget allocation for 2010/11 has ensured the facilitation of corporate objectives and planned works to negate operational risks, at the expense of reducing current levels of backlog maintenance. The on-going condition survey review programme has also lead to increased backlog maintenance costs due to cost uplifts to allow for inflation and additional building component condition deterioration since the 2004 baseline condition surveys.

To mitigate these issues and to obtain the condition B targets identified in this Asset Management Plan enhanced targeting of available maintenance resources will be undertaken during 2011/12 and 2012/13 by linking the maintenance programme into the retained portfolio identified from the property review and the Accommodation Strategy programmes. This measure is expected to deliver improvements to the backlog figure as it is expected that the disposal programme will reduce the total number of properties retained within the corporate portfolio.

Additionally, reported in the 2010 AMP update, key projects such as Central Park's leisure facility and others delivered by the capital programme, as well as expected disposals and the asset rationalisation will provide a backlog reduction by 2014 of an expected £11.3

million. This will help reduce the backlog to £17.5 million over the next 3 years, with further minor reductions achieved through implementation of the Corporate Maintenance Strategy.

Proposed Future Improvements:-

- Improved targeting of available maintenance resources by linking the maintenance programme to the property review and Accommodation Strategy programmes.
- Review and tender of building maintenance work to allow a corporately compliant process, as well as enhancing the contract administrator function within Corporate Property by improved contractual management and monitoring.
- Summary review and update of existing condition surveys to enhance the interrogation and prioritisation of data needed to provide the future planned maintenance programme and revised benchmarking.
- Implementation of new asset management software.
- Providing the Corporate Health & Safety team access to the legislation compliance contracts across the portfolio to allow auditing and resultant action where required.
- Review performance indicators and budgetary review to support appropriate benchmarking initiatives.

2.10 Building Accessibility

Despite the wider economic pressures, locally restricted resources and the abandonment of formal indicators for measuring performance against the accessibility requirements of the Disability Discrimination and Equality Acts, the Council continues with its endeavours to increase the accessibility of its publicly accessible buildings. Indeed throughout the past year it has been able to increase its expectations, though this as much through organisational change as adaptations.

Percentage of Council buildings open to the public providing 'reasonable' levels of accessibility to disabled persons ***Figure 7***

Year	2009 Position	Revised Position
2008/9	14%	
2009/10	16% actual	17% actual
2010/11	18% target	25% actual
2011/12	20% target	27% target
2012/13		29% target
2013/14		31% target

International Financial Reporting Standards (IFRS)

Implementation of IFRS regulations have significantly impacted on the methodology for delivering the rolling programme of asset valuations. Working as part of the wider corporate project group the Strategic Property Team have established and implemented a range of protocols and methodologies to address requirements of the same, including; reclassification of assets, lease classification and componentisation requirements.

2.12 Assets and Carbon Management

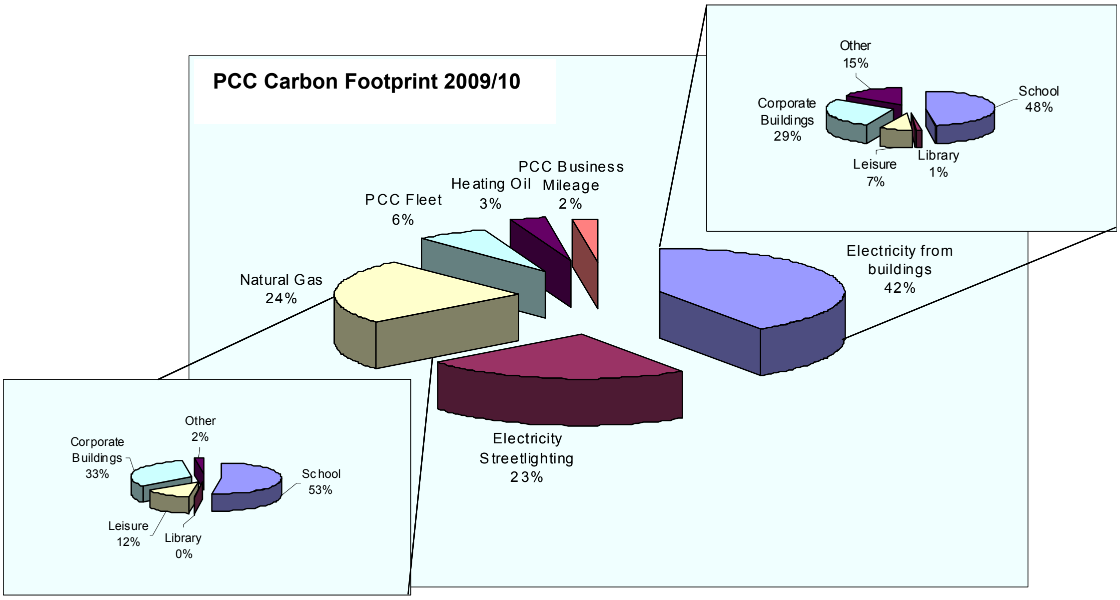
Our Corporate Property department is responsible for maintaining nearly 300 corporate and school buildings. We recognise that the way these buildings are managed and maintained has an important impact on the council's carbon footprint and costs. It is with this in mind that we have made the carbon management function an integral part of our Corporate Property department.

A carbon management plan (CMP) has been formulated to tackle emissions and cost reductions head on. The CMP details the sources of Plymouth City Council's (PCC) carbon emissions and establishes a baseline against which the effects of actions can be measured. It sets out the council's approach towards energy and carbon management and identifies key actions we are taking to reduce our carbon emissions. Our carbon reduction programme covers a five-year timeframe (2010/11 – 2014/15) and will include regular monitoring and annual reviews to assess and report on our progress.

We are aiming to reduce PCC's carbon footprint by 20% from a 2009/10 baseline by 2014/15. This is equivalent to a total carbon dioxide (CO_2) saving of 8,100 tonnes and will yield annual savings of £1.5 million from March 2015. In the first instance we will focus our efforts on two key areas where we believe real step change can be achieved. These are energy from buildings and transport.

We have already identified invest to save projects and actions for improved energy management, which will save the authority and schools £950,000 per year by March 2015. Actions to reduce emissions from waste, water, hydro-fluorocarbon and contractors are underway, and will be added to the plan when a baseline for them has been established.

Figure 8



Alongside invest to save projects and better energy management, we are committed to take systematic action for embedding carbon management practices across the council. Here are some key actions we have committed to or are proposing:

- Make carbon management a corporate priority by April 2011
- Create a carbon communications strategy by April 2011
- Include a carbon management section with meaningful and measurable outcomes in new departmental management plans by April 2012
- Make carbon and the wider sustainability agenda part of staff induction by April 2012
- Introduce carbon management objectives for Directors by April 2012
- Change the carbon manager's role towards an advisory service to Directorates on carbon reduction projects, with projects being driven by Directorates themselves from April 2012.

Strong leadership and a defined delivery structure are crucial to the success of the CMP. Our dedicated carbon manager will be driving the CMP on a day to day basis, backed by key individuals across council departements, which form the carbon management team. The ultimate responsibility for the delivery of the CMP rests with the Sustainability Programme Board chaired by our Director for Development and Regeneration. The function of the board is to embedd sustainability across the council, of which carbon management is an important aspect. The board consists of key individuals from our Sustainable development, Home Energy, Finance, Waste, Captial and Assets departments as well as the Cabinet Member for Street Scene, Waste and Sustainability.

Corporate Property Service

Corporate Property provides a range of services to support the Council and its services in the provision and management of its property portfolio. The service is divided into 4 key areas:

Strategic Property and Property Records providing:

- Property strategy development and implementation, disposal, acquisition and Landlord & Tenant Services
- Collation and management of the Councils property ownership and management records
- Street Naming and Numbering and Land Registration services

Building Surveying Design & Maintenance providing:

- Planned preventative and reactive maintenance services
- Statutory compliance and Health & Safety Services including 'Person in Control' (PIC) Training and support, contract procurement and management
- Building Design and contract procurement and management, including mechanical and electrical engineering services

Facilities Management Providing:

- Management of the Council's central office accommodation and Public Buildings including security, fire safety training and advice
- Cleaning and caretaking services to the operational and schools estates

Carbon Management providing:

- Development and implementation of the Carbon Management Plan
- Energy management, including guidance and advice

Figure 9

Service Improvement Plan

Primary Improvement Area	**Detail**	**Responsibility**
Data Management, Single View of the Asset	Implementation of Technology Forge Database	Kerry Birrell
	Property ownership risk management review (Trees/footpaths/amenity land)	Barry Foster
Portfolio Review	Accommodation Strategy Ph 1 & 2	Graham Potter/Kerry Birrell
	Whole Portfolio Performance Review	Kerry Birrell
	Community Asset Transfer Strategy/policy	Graham Potter
FM delivery	Management of flexible space, alternative service plan	Ian Banfield
	Cleaning & Caretaking efficiency review	Ian Banfield
Maintenance Strategy	Review of statutory compliance & maintenance strategy	Dave Pollock
	Key contractor review	Dave Pollock
Carbon Management/Sustainability	Production of Carbon Management Plan	Alex Hurth
	Preparation for CRC	Alex Hurth
	Energy Management plan	Alex Hurth
	Corporate Property Waste & Water Management	Ian Banfield
Service Quality	Implement and integrate Quality Assurance across Corporate Property & Project Management	All team managers
	Implement Corporate Project Management procedures	Joan Chilcott/Dave Pollock
IFRS	Implement IFRS for Asset Valuations	Kerry Birrell
Structure	Review of roles and structural realignment	Graham Potter
	Corporate Support Single Point of Contact initiative	Graham Potter
Asset Management Forum	Re establishment of group	Graham Potter
Business as usual	Efficiency review	All Team managers

Approach to Customer Service

In as much as the Council focuses on ensuring its services are customer centric the Corporate Property service continues to improve the way it supports and provides services to the occupiers and users of the portfolio it manages. This is delivered through existing successful and further proposed development and implementation of improvement activities aimed at ensuring consistent quality of service including:

- The final team within Corporate Property has now achieved ISO: 9001 Quality Assurance accreditation. The next step is to amalgamate these into a single accreditation for the wider Capital and Assets Service in which Corporate Property sits.
- Service Level Agreements, rolling out to additional customers SLA's based upon a similar model currently used with the schools portfolio.
- Corporate Support Initiatives; fully embracing the Corporate Support Directorates wider initiatives.
  - Service helpdesk (SPOC), aimed at ensuring customer enquiries are dealt with more quickly, by the right people, enabling services to concentrate on their own priorities and to consolidate and rationalise a range of back office 'helpdesk' based services. Including, public building booking, ID pass allocation, meeting room booking, front line land ownership enquiries.
  - Corporate Buyer/P2P, improving the way we procure our large range of building and FM related services through embracing these initiatives and delivering both cost and service efficiencies through central procurement. It is proposed, as part of our structural realignment, we provide contract management services for a range of corporate contracts.
- Compilation of annual customer satisfaction questionnaires. In recent results of the 'Strategic Property Survey' all but one of 13 respondents gave the team the highest rating for overall satisfaction.
- Risk Management – Service risks are reviewed monthly by the Capital and Assets Management team via a Risk Management Action Plan.

Asset Management Forum

It is recognised that a key to sound Asset Management, within an organisation as large and complex as Plymouth City Council, is to have in place an appropriate forum to facilitate cross departmental thinking, consultation and planning to ensure a corporate approach to maximising use of the asset. Until the recent past this was provided by the Property Forum, which has lapsed as a result of the wider pressures on service delivery created by the current financial climate and the effects this has had the structure and culture of Plymouth. It is therefore considered necessary that an Asset Management Forum be re-established in a form which suits the organisation going forward. As such it is within the Corporate Property Service improvement plan to re-establish the group prior to the beginning of 2011/12.

3.0 The Schools Estate

3.1 Academies

Plymouth City Council's policy direction for all schools is to develop autonomy, either through the formation of a Trust or Academy status. The strategy for change, known as *Investment for Children*, which set out the Council's plans for maintaining the school estate was adopted by the Full Council in December 2008 and remains its policy for schools to develop independence. However, the landscape for investment in the education infrastructure in the city is transforming dramatically following the change of Government in May 2010. The new coalition government has set out an ambitious programme for schools to become an Academy, which transfers both the asset liability and all capital investment to the Young Persons Funding Agency (YPLA) and establishes schools as independent non fee paying schools.

In September 2010, Plymouth opened two academies, which had been set up under the "old style" academy route. Further to the Academies Act becoming law in July 2010 and the "new start academies" procedure, a further primary school has transferred status. Many of the remaining secondary schools in Plymouth are also preparing to change status in this calendar year. This will have a dramatic change to the asset value of the city. The asset value transferring is in the order of 25% of the councils stock. Whilst the asset value will reduce it should also be born in mind that the asset liability also reduces as the backlog condition issues also transfer.

3.2 Government settlements;

On the 5th July the Secretary of State announced the removal of all education investment programmes and set out a review of how education capital is allocated and delivered. This review, chaired by Sebastian James was due to conclude in January 2011 but is now expected in February/March 2011.

On the 13 December 2010 the Government announced all capital grant allocations for councils across the country. Plymouth City Councils (PCC) grants for all maintained schools amounted to £9.3m for the year 2011/12. This is a reduction on the previous years grants allocations of 51%.

The most significant change to the Government's allocations was the reduction in Devolved Formula Capital (DfC), which is the capital allocation which is passported direct to schools who have control and discretion over where it is spent. This reduced from £4.4m in 2010/11 down to just £0.774m, which represents an 80% reduction.

All schools have had budgetary control of capital funding since the introduction of Fair Funding in late 1990's. This has recently been at levels that has allowed Governors to prioritise capitalised maintenance to ensure that schools do not fall into disrepair and that health and safety works are always completed.

In the past 10 years £38m has been allocated to schools through DfC and a further £10-15m has been allocated by the LA to condition related projects that support schools DfC projects. It is true however that not all schools have exercised this responsibility to the same degree, and the condition of school buildings remains therefore patchy. It is also noted that there remains a significant amount of the major elements, boilers, roofs, and M&E plant etc. that have not been tackled. As a result, the cosmetic appearance of school buildings, often hide underlying issues.

With the reduction in DfC and Local Authority capital resources it will be even more important to work with schools individually and through the 'Schools Forum' to ensure that the limited capital resources are targeted to the areas of highest need. This is likely to be a challenge given the lower level of resources available, however the Authority has an excellent working relationship with the Schools Forum which has enabled pooled resources to be used to best advantage in recent years.

3.3 Children's Centres

Phase 3 programme is now mostly complete. This programme was co-ordinated with Extended School and Early Years funding giving a total investment of £1.3m. Under the new Government Settlement it is indicated that capital liability for Children's Centres is to be managed by the LA from non ring fenced investment programmes available to them.

3.4 Primary Schools

Significant progress has been made in transforming the quality of the asset base of primary schools in the city. In September 2009 three new primary schools, Oakwood , Mayflower and Shakespeare, opened to children. This follows on from the success of opening Riverside, Ernesettle and Whitleigh primary in 2008. Two further Primary schools, Beechwood and High View, have been delivered this year and Tor bridge (previously Estover Primary School) is in contract and will be completed in July 2012. These nine primary schools replace fifteen old 1950's and 60's buildings and represent a considerable improvement in the asset base. Over the period of the last 5 years the council will have replaced 12% of the school asset base.

This investment is having a significant impact in reducing the backlog maintenance for Primary Schools. In 2006 the estimate was £52.7m, which has now reduced to a revised forecast for 2010 is £35.8m.

3.5 Secondary Schools

The Buildings Schools for the Future (BSF) One School Pathfinder project at Tor Bridge (previously Estover Community College) completed the bulk of the Secondary element which opened in September 2010 including the public library and museum. The demolition of most of the existing school and the construction of the remaining part of the secondary school is on schedule to complete by September 2011.

As discussed above the New coalition Government removed the Building Schools for the Future Programme in July 2010, however lobbying to Government has ensured that there is funding of £19.2m which will be allocated directly to the two Academies in the programme which will ensure that the bulk of the condition liability in these schools will be resolved in the next couple of years.

3.6 Inclusion and Special Education needs

The Authority has followed an inclusion policy for 9 years, and in this time assets have been gradually adapted to include a mixture of facilities. These include simple access adaptations, the building of inclusion units within a school and the integration of special schools with mainstream schools in campuses such as Wood View campus and Tor Bridge Campus. There has also been an increasing number of children with special educational needs placed in mainstream education, leading to a continued need for special school buildings. This is also due to the need to reduce the overcrowding that exists in special schools and the building area standards that have risen to reflect the changing nature of supporting children with complex needs.

Whilst over the past 10 years there has been a substantial investment in special schools with three being completely replaced and one substantially refurbished. There remain 3 that have had little investment, 2 of these three are in considerable need for remodelling to deal with the very complex needs for children that attend these buildings.

3.7 Basic Need Growth;

In October 2010 a cabinet paper was taken that set out the building pressure of Reception School Places 2010 and the need for additional capacity for 2011 and beyond. A Basic Need programme is being developed that will result in a number of projects that will seek to increase capacity in specific pockets across the city. This will be through a mixture of remodelling current non teaching space, limited new build, and in some instances temporary classrooms. The exact solution will depend on each individual school and the overall funding available for the programme.

4.0 Commercial Property Strategy

4.1 Commercial Property Investment Portfolio

The Commercial Property Investment Portfolio delivers annual income of £8.6m from almost 2000 individual tenancies and interests in land. The estate comprises a mixture of commercial properties including industrial estates, business centres, leisure and retail properties. The rental income is derived from commercial property leases and from various freehold ground rents.

The future management of the Commercial Property Investment Portfolio, to achieve improved financial performance and best value, will be determined by a comprehensive review of the assets culminating in an approved strategy. This review is due to take place in 2011.

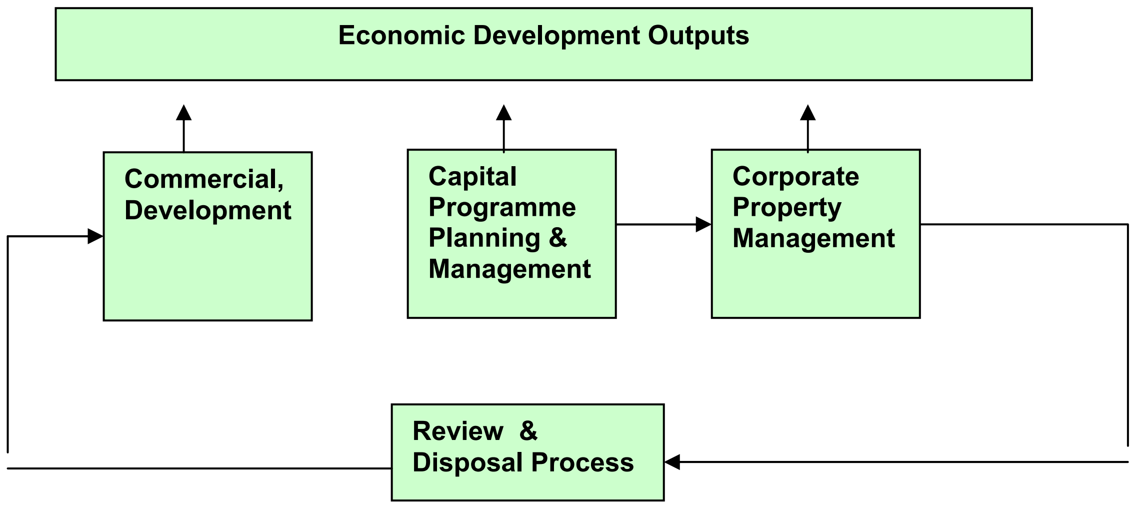
5.0 Organisational Arrangements and Consultation

5.1 Capital and Assets Service

A realignment exercise of the Property & Economic Development division was completed in April 2009 which resulted in a transfer into the Department of Corporate Support for the Corporate Property and Capital Projects sections. These sections have now been combined into the Capital and Assets Service. The Economic Development element remained in the Department for Development.

The Capital and Assets Service will continue to work closely with the Economic Development section to deliver the whole life cycle of property assets and the delivery of economic outputs, as shown below.

Figure 10



5.2 Capital and Assets includes:

5.2.1 Corporate Property Service

Corporate Property provides a range of services to support the Council and its services in the provision and management of its property portfolio. The service is divided into 4 key areas:

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Facilities Management Providing:
- Management of the Council's central office accommodation and Public Buildings including security, fire safety training and advice
- Cleaning and caretaking services to the operational and schools estates

Carbon Management providing:
- Development and implementation of the Carbon Management Plan
- Energy management, including guidance and advice

5.2.2 Capital Programme & Project Services including:-

- Portfolio Management – commissioning and management of projects and programmes on behalf of client directorates
- Project Management and other professional services
- Capital Programme monitoring and delivery

Economic Development includes:-

- Commercial & Development – managing industrial, retail and leisure premises, rent reviews, lease renewals, general disposals, Mount Edgcumbe Country Park
- Business Space – providing flexible business space at City Business Park
- Plymouth City Market – management of principal indoor City Market
- Plymouth City Airport – management of landlord and tenant issues
- Key Strategic Projects – including the Civic Centre

6.0 Capital Strategy

6.1 Our financial strategy for capital has been to fully utilise the supported capital borrowing allocation available to us in tandem with maximising the availability of grant and third party payments. From 2011/12 onwards the government has replaced supported borrowing with cash grants, so maximising the use of these will now be the focus

6.2 We maintain the principle that capital schemes are only approved into the programme where specific funding has been clearly identified and supported by business cases. Thereby, the capital investment programme, at any set point in time, will evidence 100% funding allocation against approved schemes. Capital investment is prioritised to ensure that outcomes are maximised against the council's priorities.

6.3 The council continues to challenge the affordability of its five year capital programme for the period 2010/11 to 2014/15. There remains significant volatility around future capital grant funding and income generation through capital receipts.

6.4 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, but at this stage the funding has been added to the proposed Childrens' Services programme in 2011/12 until the process is clarified.

6.5 The proposed programme following central government funding changes is as follows:

Figure 11: Five year Departmental Capital Programme

	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	**Total £000s**
Children's Services	30,759	33,412	10,211	-	-	**74,382**
Community Services	20,212	24,007	2,331	-	-	**46,550**
Development & Regeneration	23,828	20,795	5,386	5,160	5,829	**60,998**
Corporate Support/items	2,658	6,987	560	500	-	**10,705**
	77,457	**85,201**	**18,488**	**5,660**	**5,829**	**192,635**

This expenditure will be funded by:

	£000
* Capital Grants/Contributions/S106	126,943
* Supported Borrowing	8,167
* Unsupported Borrowing	29,956
* Capital Receipts	25,728
* Revenue / Funds	1,841
	192,635

A more detailed breakdown of the individual directorate programmes is contained as Appendix 1.

6.6 We remain committed to a significant capital investment programme despite the current economic climate. The Council, engaging with partners in major regeneration of the City, will not only contribute towards delivering improvement priorities, but will also help to sustain much needed work opportunities in the local area (for example, the construction industry).

Significant schemes that will be delivered by 2014 include:

- £46.5m on The Plymouth Life Centre;
- £37.5m on the state of the art new college, Tor Bridge;
- £14.2m on improving Schools in the Southern Way Federation;
- £8.6m for a new School at Efford;

- £8.0m Completion of Chelson Meadow reinstatement;
- £22m on improving transportation Plymouth (Local Transport Plan);
- £20m on improving transport access in Eastern side of the City Centre;
- £3.88m on bringing Devonport People's Park 'back to life';
- £0.5m on a new library for Plympton
- £1.0m electrical refurbishment of City Market

Note 1: total project costs, some of which were incurred prior to 2010/11

6.7 In addition, we are continuing with our long term waste disposal solution with Torbay and Devon County Councils, building a multi million pound Waste to Energy plant, with the Waste Partnership looking to announce a preferred delivery partner in 2011.

6.8 We will continue to regularly review the assets that we own to ensure that they are fit for purpose and optimise the use of capital receipts, where deemed beneficial, in order to support our overall capital investment programme. However, our ability to generate capital receipts has been severely impacted in the last couple of years due to significantly falling land and property prices.

In reviewing the capital programme as part of 2011/12 budget setting we have continued to **reduce our reliance on capital receipt funding, now £25.7m over the five year period**. This funding is based on a schedule of specific assets, with current estimated valuations and proposed timing for disposals. Our view is that we will dispose of very few assets over the next three years, with disposals increasing towards the end of the five year programme on the assumption that market conditions will improve.

6.10 The council has built in the requirement for **additional temporary borrowing** to cover the shortfall in capital receipt income for the 2010/11 and 2011/12 financial years. It is planned that this borrowing will be repaid in future years to coincide with our forecasted capital receipt income. Capital receipt generation will be kept under constant review by the Capital Delivery Board as part of regular monitoring. Any variations to the forecasted position will be reported to Corporate Management Team and Cabinet at the earliest possible opportunity.

6.11 Programme Governance

During the past year the procedures for the control of the Capital Programme have been reviewed.

Whilst overall responsibility for the programme still rests with full Council there are clear delegated responsibilities to Cabinet, CMT and the newly formed Capital Delivery Board.

The Capital Delivery Board is chaired by the Director of Development and Regeneration with representatives from each directorate at Assistant Director level together with the Director for Corporate Support and senior officers from the Finance and Capital and Assets services.

The Delivery Board and capital process is managed by the Head of Capital and Assets and all new projects are reported to the board for approval in accordance with Council priorities and governance procedures. Monitoring of projects and overall spend in the programme is also undertaken by the board.

The revised Capital Programme governance procedures have been subject to Audit Committee, Cabinet and full Council approval.

The current capital programme process has also been subject to an audit by the Devon Audit Partnership and has been awarded an overall good standard.

The Risk Management process within the Project Management procedures have also been subject to external review and again achieved a high standard.

The Council will continue its policy of investing both revenue and capital resources in projects which deliver ongoing sustainable reductions to the revenue budget. Officers have been asked to come forward with proposals that can be evaluated by the Capital Delivery Board and Corporate Management Team before recommendation to Cabinet. They will be assessed against deliverability, payback period, the level of savings achieved and how they fit with the Council priorities.

All proposals will be assessed on their own merits and will be subject to the capital governance procedures.

APPENDIX 1 CAPITAL PROGRAMME 2011 - 2015

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme

Service	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Childrens Services	30,759	33,412	10,211	-	-	**74,382**
Community Services	20,212	24,007	2,331	-	-	**46,550**
Corporate Support	2,658	6,987	560	500	-	**10,705**
Development	23,828	20,795	5,386	5,160	5,829	**60,998**
Total Capital Programme	**77,457**	**85,201**	**18,488**	**5,660**	**5,829**	**192,635**

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme

Childrens Services

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Strategic Programmes	BSF	10,580	7,580	2,917	-	-	**21,077**
	Basic Need	-	500	5,300	-	-	**5,800**
	Indicative Future Allocations	-	-	-	-	-	**-**
	Primary Capital Programme	6,263	1,245	-	-	-	**7,508**
	Special Education and Inclusion	360	363	-	-	-	**723**
	Childrens Social Care	-	-	-	-	-	**-**
	Localities	-	-	-	-	-	**-**
	PFI	700	-	-	-	-	**700**
School Development Works	Primary Development	11	-	-	-	-	**11**
	Secondary Development	209	-	-	-	-	**209**
	Special School Development	9	-	-	-	-	**9**
School Condition Works	School Condition Works	2,128	239	1,200	-	-	**3,567**
Surestart, Early Years and Childcare	Children's Centres	853	-	-	-	-	**853**
	Early Years	935	-	-	-	-	**935**
Focused Work	Extended Schools	352	-	-	-	-	**352**
	14-19 Diplomas and International Baccalaureate	549	-	-	-	-	**549**
	ICT in schools	612	-	-	-	-	**612**
	School Meals	2,421	720	-	-	-	**3,141**
	Section 106 projects	172	-	-	-	-	**172**
	Access	18	100	-	-	-	**118**
	Safeguarding	105	-	-	-	-	**105**
	Sustainability, carbon reduction and spend to save	737	-	-	-	-	**737**
	Tuition service	-	-	-	-	-	**-**
	Youth service	69	-	-	-	-	**69**
	Adult and community Learning	-	-	-	-	-	**-**
	SEN and Inclusion	418	154	20	-	-	**592**
Children's Social Care	Children's Social Care	350	-	-	-	-	**350**
Devolved Formula Capital	Primary	1,518	1,039	-	-	-	**2,557**
	Secondary	532	795	-	-	-	**1,327**
	Special	120	200	-	-	-	**320**
	Nursery	37	65	-	-	-	**102**
	Other	71	1,278	774	-	-	**2,123**
Other Items	Play and Sport	515	-	-	-	-	**515**
	Other Items	115	-	-	-	-	**115**
Academies - Capital Allocation post BSF	Marine Academy	-	8,561	-	-	-	**8,561**
	All Saints Church of England Academy	-	10,573	-	-	-	**10,573**
Childrens Services Total		**30,759**	**33,412**	**10,211**	**-**	**-**	**74,382**

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme

Community Services

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Environmental Services	Environmental & Regulatory	-	1,093	-	-	-	**1,093**
	Parks	589	93	-	-	-	**682**
	Vehicle Purchases	53	-	-	-	-	**53**
Culture, Sport & Leisure	Plymouth Leisure	742	-	-	-	-	**742**
	Plymouth Life Centre	17,475	21,252	1,640	-	-	**40,367**
	Mount Edgcumbe	- 1	-	-	-	-	**- 1**
	Libraries & Museums	902	468	-	-	-	**1,370**
Adult Health & Social Care	Community Care	452	1,101	691	-	-	**2,244**
Community Services Total		**20,212**	**24,007**	**2,331**	**-**	**-**	**46,550**

Corporate Support

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Information Systems	Information Systems	778	500	500	500	-	**2,278**
Economic Development	Corporate Property	1,880	6,487	60	-	-	**8,427**
Corporate Support Total		**2,658**	**6,987**	**560**	**500**	**-**	**10,705**

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme
Development

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Local Transport Plan	Demand Management	21	56	-	-	-	**77**
	Public Transport	556	117	11	-	-	**684**
	Walking & Cycling	363	222	-	-	-	**585**
	Road Safety	24	120	-	-	-	**144**
	Regeneration & Urban Renewal	174	-	-	-	-	**174**
	Dft settlement not yet allocated	- 2	3,590	4,218	4,155	4,829	**16,790**
	A386 special project	170	382	-	-	-	**552**
	Safety Camera Partnership	38	-	-	-	-	**38**
	Capital Maintenance	2,065	-	-	-	-	**2,065**
Transport - Non LTP	Eastern Corridor (excluding East End element - shown line below)	-	-	-	-	1,000	**1,000**
	East End Community Transport Improvement scheme	12,537	6,930	-	-	-	**19,467**
	West End	186	-	-	-	-	**186**
	A38 Junction improvements	448	-	-	-	-	**448**
	Flood Defence	-	-	-	-	-	**-**
	Other (incl.Transport Asset Management Plan Works & CCTV projects)	-	-	-	-	-	**-**
Economic Development	City Market electrical refurbishment	25	925	50	-	-	**1,000**
	Barbican Landing Stage	-	-	-	-	-	**-**
	Granby Green	-	-	-	-	-	**-**
	Cumberland Gardens	26	-	-	-	-	**26**
	North Stonehouse	-	-	-	-	-	**-**
	Devonport Park	1,575	1,300	-	-	-	**2,875**
	Devonport Heritage Trail	21	-	-	-	-	**21**
	Other (incl. Alleygates, Devonport St. Lights)	-	-	-	-	-	**-**
	Commercial Developments (Royal William Yard - noise compensation)	241	20	-	-	-	**261**
Planning	Housing & Planning Delivery Grant -planning services expenditure	26	-	-	-	-	**26**
	Stepping Stones to Nature	88	71	5	5	-	**169**
Retained Waste Projects	Material Recycling Facility	-	852	-	-	-	**852**
	Chelson Meadow restoration (Capping & Leachate)	3,034	4,826	102	-	-	**7,962**
Strategic Housing	Devonport Development Team	-	-	-	-	-	**-**
	East End Renewal Area	-	-	-	-	-	**-**
	Home Energy	355	241	-	-	-	**596**
	Energy Conservation	-	-	-	-	-	**-**
	Minor Works	-	-	-	-	-	**-**
	Disabled Facilities Grants	1,308	700	700	700	-	**3,408**
	Decent home Loans	236	94	150	150	-	**630**
	Empty Homes / Enabling	-	151	-	-	-	**151**
	Living Over the Shops (LOTS)	-	-	-	-	-	**-**
	Empty Homes	-	-	-	-	-	**-**
	Disabled Adaptations	-	-	-	-	-	**-**
	Housing Capital Salaries GF (Neighbourhood Regen & Renewals)	277	183	135	135	-	**730**
	Private Sector Other Works (stock condition)	36	15	15	15	-	**81**
	Decency Standards	-	-	-	-	-	**-**
	Efford Building Communities	-	-	-	-	-	**-**
Development Total		**23,828**	**20,795**	**5,386**	**5,160**	**5,829**	**60,998**

APPENDIX 2 ASSET TRANSFER POLICY AND PROCESS

Plymouth City Council
Community Asset Transfer Policy and Process

Scope

This strategy aims to provide a framework, for decision making and ongoing governance, to assist the Council in maximising opportunities to support Local Community service development, through the transfer of ownership and management of appropriate property assets.

In turn this will provide consistency, fairness and transparency in dealing with applications for asset transfer from community groups and ensure robust risk management and ongoing monitoring and support for successful schemes.

Ultimately the strategy aims to ensure that appropriate applications are progressed and result in successful and sustainable projects

Policy Context

The Council has a leading role in the delivery of the Local Strategic Partnerships Vision for the City including close partnership working with the voluntary sector.

Also through other strategies and plans such as the Sustainable Community Strategy and Asset Management Plan the Council sets out how it is going to support the development of the voluntary sector and empower local communities to develop and deliver solutions to increase sustainability and make them stronger and more cohesive.

The Council recognises that the way its assets are managed and owned can have a positive impact on the long-term strength of the voluntary sector and local communities more generally. Also that the transfer of assets to other organisations can secure access to resources otherwise not available which can be used to develop assets and services which might otherwise be unachievable.

The Council's aim is to ensure that the way assets are managed strongly underpins delivery of its corporate vision, and where appropriate, will use asset transfer as a means of enabling Communities to become sustainable on a long term basis. To be successful asset transfer requires a long term partnership approach involving all relevant stakeholders.

Background and Drivers to Support Community Asset Transfer

Central Government provided clear policy direction by accepting, in full, the recommendations of the Quirk review, therefore it is not an option to fail to give serious consideration and support the transfer of assets to the community. The Governments stance has developed not least via the following reviews and publications:

- 2006 Government White Paper demonstrated the Governments intention to increase opportunities to transfer the ownership and management of Public Sector assets to the Community. Later resulting in the £30 million community assets fund managed by the Big Lottery Fund
- Quirk Review (2007) Making Assets Work. An independent review, which looked at Community Management and Ownership of Assets, concludes that "Community organisations can realise tremendous potential by taking on the management and ownership of community assets."
- The Government's Empowerment Action Plan published in 2007 includes actions relating to the transfer of assets and to a programme of support for community anchors, including the availability of further funding to support the development of anchors.
- 2008 Communities & Local Government White Paper "Communities in Control; Real People Real Power" confirmed ongoing support for the Quirk Review, announced the establishment of a national Asset Transfer Unit, extended the advancing assets programme by a further year and announced a £70m community builders fund. The origins of this agenda go back to the ODPM's 2003 Communities Plan. This acknowledged that sustainability is only possible where local communities play a leading role in determining their own future development.
- Asset Management Best practice, a plethora of best practice guidance and advice has been provided by Central Government, RICS et al directing Local Authorities to both rationalise their estate and facilitate more effective and efficient use of its asset base, where the focus is on service and community solutions not property solutions.
- Decentralisation and Localism Bill clearly demonstrates the coalition government's ongoing positive view of the transfer of assets to the community. Including powers giving the community a right to 'buy' surplus assets, 'build' new assets and 'challenge' proposals for change.

Local Successes to Date

The Council already has achieved significant success in the transfer of assets to the Community such as:

<u>Scott Business Park transfer to the Wolseley Trust</u> (Cited in the Quirk Review)

Here the Council acquired the former hospital site at below market value, with a subsequent transfer to the Wolseley Trust on a 25 year lease, for the establishment of a business park and community facilities. The development now provides space to stimulate jobs and new business in an area of significant need and uses its trading surplus to provide a range of community facilities. The trust is an independent development trust, a community run limited company, where the community elects the board of Directors.

Devonport Guildhall

The Council has been successful in transferring the property on a 25 year lease to a community arts group. The project, funded from both a successful £1million bid from the Community Asset Transfer Fund and Devonport Community Partnership (£500,000) has resulted in an immensely important building having a secure future and removal from the Buildings at Risk Register.

However these have been progressed on a project by project basis but with an anticipated increase in interest and applications from community groups a consistent approach is now required.

Aims and Objectives

All Council strategies need to be aligned to the support and delivery of its overarching vision and key aims and objectives.

The Council's property portfolio includes a diverse range of land and buildings utilised for a variety of different business, social and community purposes. Community management and ownership of appropriate assets can deliver a range of benefits contributing to the overall vision such as through:

Community Benefits:

- Supporting the localism agenda, empowering communities as the most appropriate people to decide what is required
- Attracting and securing investment
- Securing stronger more cohesive and sustainable communities
- Increase capacity and confidence in the community

Council and Public Sector Partner Benefits:

- Enhanced ability to engage with the local community
- Establishment of a new partner with capability to access alternative and additional resources
- Creation of new services or facilities which complement existing provision
- Increases value for money and reduces management related revenue costs
- Opportunity to redirect and maximise use of scarce resources (e.g. Maintenance budgets and operational revenue expenditure)
- By coupling transfer to the wider property review and rationalisation process may allow a greater clustering of services thus freeing up additional assets for disposal.

Benefits to the Community Organisation

- Opportunity to develop capacity and capability through security provided (financial and physical).
- Creates independence and flexibility to expand and flourish
- Empowers the organisation and increases recognition and influence in the community

Principles of Transfer

As previously noted applications need to be considered in a consistent and structured manner in order to ensure decisions are made that support the success of appropriate and viable applications in order to make them happen. However strong and robust procedures and a decision making process needs to be followed in order to ensure protection of the Council and communities position and that of the public purse.

In order to support this it is advised that a number of fundamental principles be followed to create the framework for such a governance process including:

Corporate Priorities

All proposals and transfers must make a clear and unambiguous contribution to the City and Council's 4 revised Corporate Priorities:

City & Council Priorities (from April '11)

Delivering Growth	Attract jobs, encourage enterprise, improve skills and make Plymouth a thriving regional centre
Raising Aspiration	Promote Plymouth and encourage people to aim higher and take pride in the City
Reducing inequalities	Reducing the inequalities gap, particularly in health, between Communities
Providing Value for Communities	Work together to maximise resources to benefit customers and make internal efficiencies

Indeed appropriate Community Asset transfers could be seen to contribute to any or all of these priorities.

Tenure and Contractual Relationship
There will be a general presumption that transfers should be based upon a lease of 20 to 25 years on Full Repairing and Insuring Terms at rental levels consistent with the benefits and business case of the proposal, subject to all other reasonable terms and conditions considered appropriate by the

Council's Solicitor. This will include alienation clauses appropriate to the circumstances. However, in appropriate circumstances, longer lease or even Freehold transfers may be considered. However it is recognised that as services and organisation mature new opportunities arise opening up new funding sources which may require extended security of tenure. With this in mind the Council will follow a flexible approach to the surrender and renewal of appropriate leases upon the merits of each application.

This will protect all stakeholders in the following ways:

- Continuous monitoring of the use and condition of the premises, protecting the Councils interest and value of the asset
- The tenant will fully understand its liabilities and responsibilities
- Supports the Community Group in demonstrating sufficient tenure in funding applications
- Enables a succession strategy to be developed and implemented as necessary
- Best enables the Council to be in a position to provide ongoing support to the tenant organisation

Other agreements

Dependent upon the nature of the organisation and service it will deliver, the Council may require the applicant to enter into formal Service Level agreements or other such agreements as may be required to ensure delivery of the function proposed in the application. This may include proportionate claw back provisions to safe guard and prevent the potential for misappropriation of public funds or formal agreements whereby any surpluses produced are used for investment in community initiatives. This may also include details of any support, if any, the organisation might expect from the Council throughout the life of the project.

Should proposals involve the undertaking of works, or alterations to property, applicants would be expected to enter into appropriate building licence agreement to ensure delivery of schemes or protect the Council through default provisions.

Process

In order to ensure fairness and transparency in the treatment of proposals and there is a clear rationale, supported by a robust business case demonstrating the organisations capacity and capability to deliver, behind any decision to transfer an asset a consistent and agreed process is required which includes:

- Single Point of Contact; having a first point of contact to which all requests and applications are made it is proposed this be the Head of Capital and Assets.
- Steering Group; applications considered and progressed via a cross departmental steering/working group made up of appropriate Council officers and project champions

- Standard application process and requirements; including completion of Pre Qualification Questionnaire, Business Case requirements and opportunity for presentation of proposals to be made to key stakeholders.
- Facilitate opportunity for open dialogue and negotiation with the applicant to develop a formal understanding of expectations and any Service Level requirements the Council may have to inform formal agreement
- Consultation; appropriate consultation is undertaken with appropriate stakeholders including, elected members, service departments, public sector partners and not least the Community.
- Option appraisal; standard option appraisal with agreed scoring methodology for assessing benefits particularly where supporting the delivery of Corporate Priorities
- Decision Making; via the Councils current governance framework

Proactive Approach

In order to maximise opportunities the Council needs to take a proactive approach to raising awareness and seeking opportunities for the transfer of assets to the Community and can do this via:

- Undertaking consultation and collaboration with existing and new partners, internal stakeholders and the community to identify and facilitate the progress of opportunities
- Consider the potential for transfer of assets to the community through its ongoing Asset Management and Portfolio review programmes and activities
- Communicate to the Community the assets which are or maybe available for Community transfer

APPENDIX 3 SERVICE ASSET STRATEGY FRAMEWORK

INDEX

Plymouth City Council

(Service) Service Asset Strategy

1. Introduction

Introduction to service, structure, management, relevant legislation service works under, subject inspection regime (e.g. OFSTED etc)

2. Service Objectives

Objectives, link to Council vision and objectives

3. Service Vision

Where the service is going (5/10 year vision)

4. Service Strategy

Drivers for change, government policy, funding, challenges, spatial strategy, link to other service strategies

5. Property

Overview of current portfolio, description, size, location, challenges (fit for purpose!?)

6. Service Improvement Plans

Improvement plans (linked to inspection regime, changes in legislation) property implications, funding challenges/opportunities

7. Suitability, Sufficiency and Condition

Running costs, portfolio performance, condition data, DDA, size, location, bespoke requirements

8. Sustainability

Energy Audit (performance), potential issues/challenges/opportunities re CRC etc, contribution of service to sustainable communities agenda

9. Wider Corporate Issues

Link to AMP, other service asset strategies, existing development/rationalisation proposals, funding opportunities

10. Summary – Property Performance Model

11. Portfolio Opportunities/Proposals

12. Conclusions and Recommendations

13. Implementation & improvement Plan

Proposal for each property

Property	Comments	Performance	Future Action

APPENDIX 1 Running Costs per Sq.m.
(graphical comparison of all properties/benchmarks)

APPENDIX 2 Backlog Maintenance Costs per Sq.m.
(graphical comparison of all properties/benchmarks)

APPENDIX 3 Utility Audit Recommendations
(CRC plan actions)

APPENDIX C

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme

Service	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Childrens Services	30,759	33,412	10,211	-	-	**74,382**
Community Services	20,212	24,007	2,331	-	-	**46,550**
Corporate Support	2,658	6,987	560	500	-	**10,705**
Development	23,828	20,795	5,386	5,160	5,829	**60,998**
Total Capital Programme	**77,457**	**85,201**	**18,488**	**5,660**	**5,829**	**192,635**

APPENDIX C

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme

Childrens Services

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Strategic Programmes	BSF	10,580	7,580	2,917	-	-	**21,077**
	Basic Need	-	500	5,300	-	-	**5,800**
	Primary Capital Programme	6,263	1,245	-	-	-	**7,508**
	Special Education and Inclusion	360	363	-	-	-	**723**
	PFI	700	-	-	-	-	**700**
School Development Works	Primary Development	11	-	-	-	-	**11**
	Secondary Development	209	-	-	-	-	**209**
	Special School Development	9	-	-	-	-	**9**
School Condition Works	School Condition Works	2,128	239	1,200	-	-	**3,567**
Surestart, Early Years and Childcare	Children's Centres	853	-	-	-	-	**853**
	Early Years	935	-	-	-	-	**935**
Focused Work	Extended Schools	352	-	-	-	-	**352**
	14-19 Diplomas and International Baccalaureate	549	-	-	-	-	**549**
	ICT in schools	612	-	-	-	-	**612**
	School Meals	2,421	720	-	-	-	**3,141**
	Section 106 projects	172	-	-	-	-	**172**
	Access	18	100	-	-	-	**118**
	Safeguarding	105	-	-	-	-	**105**
	Sustainability, carbon reduction and spend to save	737	-	-	-	-	**737**
	Youth service	69	-	-	-	-	**69**
	SEN and Inclusion	418	154	20	-	-	**592**
Children's Social Care	Children's Social Care	350	-	-	-	-	**350**
Devolved Formula Capital	Primary	1,518	1,039	-	-	-	**2,557**
	Secondary	532	795	-	-	-	**1,327**
	Special	120	200	-	-	-	**320**
	Nursery	37	65	-	-	-	**102**
	Other	71	1,278	774	-	-	**2,123**
Other Items	Play and Sport	515	-	-	-	-	**515**
	Other Items	115	-	-	-	-	**115**
Academies - Capital Allocation post BSF	Marine Academy	-	8,561	-	-	-	**8,561**
	All Saints Church of England Academy	-	10,573	-	-	-	**10,573**
Childrens Services Total		**30,759**	**33,412**	**10,211**	**-**	**-**	**74,382**

APPENDIX C

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme

Community Services

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Environmental Services	Environmental & Regulatory	-	1,093	-	-	-	**1,093**
	Parks	589	93	-	-	-	**682**
	Vehicle Purchases	53	-	-	-	-	**53**
Culture, Sport & Leisure	Plymouth Leisure	742	-	-	-	-	**742**
	Plymouth Life Centre	17,475	21,252	1,640	-	-	**40,367**
	Mount Edgcumbe	(1)	-	-	-	-	**(1)**
	Libraries & Museums	902	468	-	-	-	**1,370**
Adult Health & Social Care	Community Care	452	1,101	691	-	-	**2,244**
Community Services Total		**20,212**	**24,007**	**2,331**	**-**	**-**	**46,550**

Corporate Support

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Information Systems	Information Systems	778	500	500	500	-	**2,278**
Finance Assets & Efficiencies	Corporate Property	460	6,487	60	-	-	**7,007**
	DRCP Schemes	1,420	-	-	-	-	**1,420**
Corporate Support Total		**2,658**	**6,987**	**560**	**500**	**-**	**10,705**

APPENDIX C

Plymouth City Council Capital Programme
Medium Term Financial Programme 2010/2011 - 2014/2015
5 Year Sub Programme

Development

Service	Sub-Programme	Latest Forecast 2010/11 £000	Latest Forecast 2011/12 £000	Latest Forecast 2012/13 £000	Latest Forecast 2013/14 £000	Latest Forecast 2014/15 £000	Total Programme 10/11 - 14/15 £000
Local Transport Plan	Demand Management	21	56	-	-	-	**77**
	Public Transport	556	117	11	-	-	**684**
	Walking & Cycling	363	222	-	-	-	**585**
	Road Safety	24	120	-	-	-	**144**
	Regeneration & Urban Renewal	174	-	-	-	-	**174**
	Dft settlement not yet allocated	(2)	3,590	4,218	4,155	4,829	**16,790**
	A386 special project	170	382	-	-	-	**552**
	Safety Camera Partnership	38	-	-	-	-	**38**
	Capital Maintenance	2,065	-	-	-	-	**2,065**
Transport - Non LTP	Eastern Corridor (excluding East End element - shown line below)	-	-	-	-	1,000	**1,000**
	East End Community Transport Improvement scheme	12,537	6,930	-	-	-	**19,467**
	West End	186	-	-	-	-	**186**
	A38 Junction improvements	448	-	-	-	-	**448**
Economic Development	City Market electrical refurbishment	25	925	50	-	-	**1,000**
	Cumberland Gardens	26	-	-	-	-	**26**
	Devonport Park	1,575	1,300	-	-	-	**2,875**
	Devonport Heritage Trail	21	-	-	-	-	**21**
	Commercial Developments (Royal William Yard - noise compensation)	241	20	-	-	-	**261**
Planning	Housing & Planning Delivery Grant -planning services expenditure	26	-	-	-	-	**26**
	Stepping Stones to Nature	88	71	5	5	-	**169**
Retained Waste Projects	Material Recycling Facility	-	852	-	-	-	**852**
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	Housing Capital Salaries GF (Neighbourhood Regen & Renewals)	277	183	135	135	-	**730**
	Private Sector Other Works (stock condition)	36	15	15	15	-	**81**
Development Total		**23,828**	**20,795**	**5,386**	**5,160**	**5,829**	**60,998**

CITY COUNCIL APPENDIX D

28 FEBRUARY 2011

Audit Committee minute 65 of 21 January 2011

TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2011/12

The Director for Corporate Support submitted for consideration the Treasury Management Strategy Statement and Annual Investment Strategy 2011/12. In attendance to present the report to Committee was the Corporate Accountancy and Finance Manager. Members were advised that the report -

(a) outlined how the treasury management function contributed to the Council's overall policy objectives;

(b) set out the risks inherent within the treasury management function and how officers would seek to minimise those risks;

(c) identifies the Council's Prudential Indicators for the next three years as required by the Local Government Act 2003, together with the MRP policy for 2011/12 required under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

In response to questions raised, Members were advised that –

(d) details of the interest rates being achieved in respect of the Council's investments were available and would be circulated to Members separately after the meeting;

(e) it was difficult to draw a comparison with how Plymouth was performing as many local authorities were still only using the Government's Debt Management Fund, however, benchmarking of the Council's performance had been included in the last report and would be included in the next mid-year report to Committee;

(f) the banks listed in the report were UK banks or wholly-owned UK subsidiary companies.

<u>Agreed</u> that the –

(1) Treasury Management Strategy Statement for 2011/12 be approved;

(2) Investment Strategy for 2011/12, as outlined in Section 11 of the report, be approved;

(3) Lending Organisations and Counter Party Limits, as outlined in appendix D to the report, be approved;

(4) Director for Corporate Support, acting under delegated authority in accordance with the Constitution, be requested to keep the lending list under review and updates the list during the year as dictated by market circumstances;

(5) following be recommended to Full Council, subject to update following any revision to the capital programme –

    (a) the Prudential Indicators set out in the report;

    (b) the Authorised Borrowing limits of £379m, £376m and £373m for the period 2011/12 to 2013/14;

    (c) the Operational Boundary of £355m, £347m and £334m for 2011/12 to 2013/14;

    (d) the MRP Policy for 2011/12.

Note:

The full report in connection with this minute is available on the website www.plymouth.gov.uk/democracy or by contacting Democratic Support on 01752 304867

2011/12 TREASURY MANAGEMENT STRATEGY - PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2010/11 Approved	2010/11 Update	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
	£M	£M	£M	£M	£M
AFFORDABLE BORROWING LIMITS					
Estimated Capital expenditure	**93.317**	**77.457**	**85.201**	**18.488**	**5.66**
Capital Financing Requirement - As at 31st March	**265.704**	**261.149**	**269.456**	**261.428**	**253.217**
Authorised Limit for External Debt					
Borrowing	312	317	337	331	323
Other Long Term Liabilities	35	32	31	30	30
Total	**347**	**349**	**368**	**361**	**353**
Operational Boundary					
Borrowing	260	290	312	302	283
Other Long Term Liabilities	35	32	31	30	30
Total	**295**	**322**	**343**	**332**	**313**
Limit for Fixed Interest Rate Exposure					
Net Fixed Rate (Borrowing less investments)	200%	200%	200%	200%	200%
Limit for Variable Rate Exposure					
Net Variable Rate (borrowing less investments)	85%	85%	85%	85%	85%
Upper Limit for sums Invested over 364 days	£25M	£25M	£25M	£25M	£25M
Capital Financing Cost as a % of Revenue Stream	%	%	%	%	%
General Fund					
- Plymouth Debt	6.11	6.12	7.29	7.99	7.33
- Devon Managed Debt	1.56	0.36	0	0	0
Total	7.67	6.48	7.29	7.99	7.33
Incremental Effect of Additional Programme on Council Tax (Band D p.a)	**£0.34**	**-£2.52**	**£1.96**	**£17.69**	**£22.99**

Maturity Limits for 2011/12	**2010/11 Upper Limit**	**2011/12 Upper Limit**	**2011/12 Lower Limit**
Under 12 months	65%	50%	0%
12 months and within 24 months	65%	70%	0%
24 months and within 5 years	55%	35%	0%
5 years and within 10 years	50%	25%	0%
10 years and within 20 years	45%	25%	0%
20 years and within 30 years	45%	25%	0%
30 years and within 40 years	45%	25%	0%
40 years and within 50 years	55%	35%	0%
50 years and above	50%	50%	0%

CITY OF PLYMOUTH

Subject:	Treasury Management Strategy Statement and Annual Investment Strategy 2011/12- Updated February 2011
Committee:	Council
Date:	28 February 2011
Cabinet Member:	Councillor Bowyer
CMT Member:	Director for Corporate Support
Author:	Sandra Wilson, Corporate Accountancy and Finance Manager
Contact:	Tel: 01752 304942 e-mail: Sandra.wilson@plymouth.gov.uk
Ref:	Acct/SW
Key Decision:	Yes
Part:	I

Executive Summary:

The Local Government Act 2003 requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. Officers have worked closely with the Council's Treasury Management advisors, Arlingclose Ltd, to review the options available to produce a borrowing and investment strategy that seeks to balance financial returns from the Council's cash balances whilst at the same time minimising financial risk to the Council.

This report outlines how the treasury management function contributes to the Council's overall policy objectives. It also outlines the risks inherent within the treasury management function and how officers will seek to minimise those risks.

The borrowing and investment policies proposed in this report therefore offer flexibility for the Director for Corporate Support, acting under delegated powers in accordance with the Constitution, to respond quickly to market circumstances without the need to seek prior Cabinet approval. Any amendments to the Treasury Management Strategy, and the Counter party list, will of course continue to be reported to Cabinet as part of the performance and finance monitoring reports. Changes to the Prudential Indicators can only be approved by Full Council.

The strategy over the medium term will be to align borrowing with the Capital Financing Requirement and Investments with available balances and reserves. Based on the latest capital programme and settlement announcements, no new long term borrowing is anticipated for 2011/12 although this will continue to be kept under review.

The Council will continue to regard Security and Liquidity as the key factors in all it's investments with the interest rate achieved only considered after these prime objectives. Following discussions with Arlingclose it is proposed that investments be extended to up to 2 years with organisations meeting the appropriate credit quality. Further details are outlined in the report.

This report also outlines the Council's Prudential Indicators for the next three years as required by the Local Government Act 2003, together with the MRP policy for 2011/12 required under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. These require approval by Full Council. The CIPFA Code of Practice on Treasury Management requires a formal mid year report and an end of year report, as a minimum, to be produced and presented to Full Council.

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

Effective financial management is fundamental to the delivery of corporate improvement priorities. Treasury Management activity has a significant impact on the Council's activity both in revenue budget terms and capital investment and is a key factor in facilitating delivery against a number of corporate priorities.

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

Treasury Management affects the Council's budget in terms of borrowing costs and investment returns.

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

The volatility and uncertainty within the global financial markets continues to have a substantial effect on Treasury Management activities. The Council's investment strategy is constantly monitored and acted upon through the Treasury Management Board which meets weekly. The report outlines the risks specific to the treasury management function.

Recommendations & Reasons for recommended action:

1. Council Approve

   (a) The Prudential Indicators set out in the report

   (b) The Authorised Borrowing limits of £368m, £361m and £353m for the period 2011/12 to 2013/14

   (c) The Operational Boundary of £343m, £332m and £313m for 2011/12 to 2013/14

   (d) The MRP Policy for 2011/12

Alternative options considered and reasons for recommended action:

It is Statutory requirement under the Local Government Act 2003 and supporting Regulations to set a an annual Treasury Strategy for borrowing and prepare an Annual Investment Strategy. Prudential indicators and the MRP policy must be approved by Full Council.

Background papers:

Treasury Management budget working papers
Treasury Management Strategy report to Audit Committee 21 January 2011.

Sign off:

Fin	Mc1011.015	Leg	10648/DVS	HR	n/a	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member											

Treasury Management Strategy Statement and Annual Investment Strategy 2011/12- as updated February 2011

1. Introduction

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") requires local authorities to set a Treasury Management Strategy Statement (TMSS) for borrowing each financial year. The Council is also required to set an Annual Investment Strategy (AIS).

1.2 CIPFA has defined Treasury Management as:

"the management of the organisation's investments, cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.3 The Council's Treasury Management Policy Statement is set out in Appendix A. Treasury Management activity is a key driver for the Council in achieving its objectives. The strategy takes into account the impact of the Council's revenue budget and capital programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates.

1.4 Each year, Officers work with the Council's Treasury Management advisors, currently Arlingclose, to develop a strategy that seeks to balance financial returns from the Council's cash balances whilst at the same time minimising, as far as possible, the risks associated with treasury management activity. The Council's detailed Treasury Management Strategy and Annual Investment Strategy is presented to Audit Committee for scrutiny, prior to submission to Full Council for final approval.

1.5 The purpose of this Treasury Management Strategy Statement is to approve:

- Treasury Management Strategy for 2011/12 (Borrowing and Debt Rescheduling - Section 8/9, Investments - Section 10/11)
- Prudential Indicators
- MRP Statement – Section 14
- Use of Specified and Non-Specified Investments – Appendix C
- The Counter party list applicable from 1 April 2011– Appendix D

2. The Council's Objectives

2.1 The Corporate Plan outlines the Council's objectives over the medium term period and these are summarised in figure 1 below:

Figure 1

Plymouth 2020 priority descriptors			
Deliver growth	**Raise aspiration**	**Reduce inequality**	**Provide value for communities**
Develop Plymouth as a thriving growth centre by creating the conditions for investment in quality homes, jobs and infrastructure	Promote Plymouth and encourage people to aim higher and take pride in the city	Reduce the inequality gap, particularly in health, between communities	Work together to maximise resources to benefit customers and make internal efficiencies

2.2 The treasury management strategy underpins the achievement of the Council's priorities.

3. Treasury Management Code of Practice and Prudential Code

3.1 Local Authorities have wide powers to borrow and invest but regulation, custom, convention and market practice mean in reality authorities can make only limited use of those powers. In carrying out their day to day treasury management activities, local authorities must have regard to two CIPFA Codes of Practice:

- The Code for Treasury Management in the Public Services
- The Prudential Code

3.2 The Codes require authorities to treat effective risk management as a higher priority than the pursuit of performance, listing priorities as:

Security.. ..Liquidity….Yield

and require evidence of affordability, prudence and sustainability, as measured by the Prudential Indicators

3.3 The Codes outline the principles that should be followed by local authorities for borrowing and investments. The Treasury Management Code in particular concentrates on Investments whilst the Prudential Code covers borrowing strategies.

3.4 The main recommendations within the Codes are:

- All Local Authorities should have an Audit Committee with specific responsibility for the scrutiny of the treasury management function
- Audit Committee members should take their responsibility for that scrutiny seriously and need to ensure they are properly trained.
- Investment priorities should be Security and Liquidity before considering Yield.
- Strategies must be taken to Full Council before the start of the financial year but Councils should consider revised strategies during the year where appropriate.
- Investment Strategies should be formally published.

- Authorities should not just rely on credit ratings but on a wide range of information, including the internet, when determining suitable investment Counter parties.
- Authorities should comment on the use of Consultants and the limits on their liability within their strategies.
- Authorities should comment on investment of borrowing in advance and the risks associated with this.

3.5 The investment and borrowing strategies for 2011/12 as outlined within this report take into account the above recommendations.

4. Impact of the CSR 10 on Treasury Management activity

4.1 The Comprehensive Spending Review (CSR) as announced on 22 October 2010 outlined the following changes that will impact on treasury management activity.

4.2 <u>Changes to PWLB rates</u>

Following the Chancellor's announcement on the Spending Review on 20 October 2010, HM Treasury instructed PWLB to:

- Increase the average borrowing rate on all new loans to an average of 1% above UK Government Gilts to take effect immediately.
- Publish at the end of the month a list of loans it has made to local authorities including the type, amount, term and rate applying to each loan.

The impact of this change was to add approximately 0.9% to rates across the whole range of type and maturity of PWLB new loans. However premature repayment rates will not benefit from the corresponding increase and the PWLB's methodology remains unchanged.

This will increase the cost of any future PWLB borrowing and any rescheduling of a PWLB loan into another PWLB. However there are alternative sources of borrowing and whilst short-term loans are on offer at very low rates this alternative will be pursued. Officers in consultation with our advisers Arlingclose will review all alternative options available to minimise the cost of any future borrowing requirement.

The Government recognises that local authority decisions on borrowing can commit electors to repaying loans for up to 50 years. To ensure that borrowing decisions are transparent and consistent with measures adopted elsewhere in the public sector, HM Treasury has determined that a detailed monthly list of individual local authority loans sourced from PWLB will be published on the PWLB website.

4.3 Tax Increment Finance Powers

The Local Growth White Paper issued on 28 October outlined a number of proposals that would fundamentally change investment in sustainable growth and economic redevelopment. In order to support such activity, the Government outlined proposals to introduce new borrowing powers to enable authorities to carry out Tax Increment Financing (TIF).

TIF would allow Councils to fund key projects by borrowing against future increases in locally collected business rates, although initially TIF would be introduced through a bid based process. However the costs and risk of this borrowing would need to be managed alongside wider borrowing under the Prudential Code. The TIF proposal is to be considered as part of a wider Local Government Resource Review, due to commence early in the new year.

5. Treasury Management Risk

5.1 No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of the Council's treasury management activities. The CIPFA code lists risks to treasury activity as:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counter party Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal & Regulatory Risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

5.2 The Council will continue to mimimise risks contained within its current debt and investment portfolios by establishing an integrated debt management and investment policy which balances certainty and security, with liquidity and yield. The Council will continue to make use of short term variable rate borrowing, whilst at the same time seeking to balance its investments across a range of investment instruments. Further details of specific risks in the current borrowing and investment portfolios are outlined in the relevant sections.

5.3 Risk is managed by way of the limits set within the Prudential and Treasury Indicators which are required to be approved by Full Council before the start of each Financial year.

5.4 In addition Arlingclose have developed the following matrix to score the credit risk of an authority's investment portfolio:

- Value weighted average credit risk score
- Value weighted average credit rating score
- Time weighted average credit risk score
- Time weighted average credit risk score

Scoring methodology:

- Value weighted average reflects the credit quality of investments according to the size of the deposit
- Time weighted average reflects the credit quality of investments according to the maturity of the deposit
- Credit quality is calculated as:
  - -AAA = highest credit quality = 1
  - - D = lowest credit quality = 15

5.5 Council's should aim for A+ or higher credit rating, with a score of 5 or lower, to reflect an investment approach with its main focus on security.

6. The Council's Forecast Treasury Position

6.1 The estimated treasury position for 31/3/2011 and 31/3/2012 is as follows:

Table 1

	31/3/2011 Estimate £m	Ave %	31/3/2012 Estimate £m
External Borrowing			
Fixed Rate PWLB	62.555	5.37	62.555
Fixed Rate – Lobo	81.000	4.42	74.000
Variable Rate – Lobo	49.000	4.43	56.000
Temporary Borrowing (see 6.3)	69.000	0.50	82.000
Sub Total External Borrowing	261.555	3.61	274.555
PFI	31.753	8.73	31.017
Finance Leases (2010/11 onwards)	*		*
Total External Debt	**293.308**		**305.572**
Total Investments	**130.000**	**1.76**	**130.000**

*Finance lease payments are classified as 'borrowing' and are required to be taken into account in the external debt calculations. The requirement to report on International Financial Reporting Standards (IFRS) basis from 1/4/10 may result in the reclassification of some operating leases to a finance lease. The restatement and reclassification work is still ongoing, although based on work to date it is not anticipated that there will be a significant impact. CLG have implemented mitigating actions in order to ensure the move to IFRS, and the reclassification of leases in particular, does not impact on Council Tax levels.

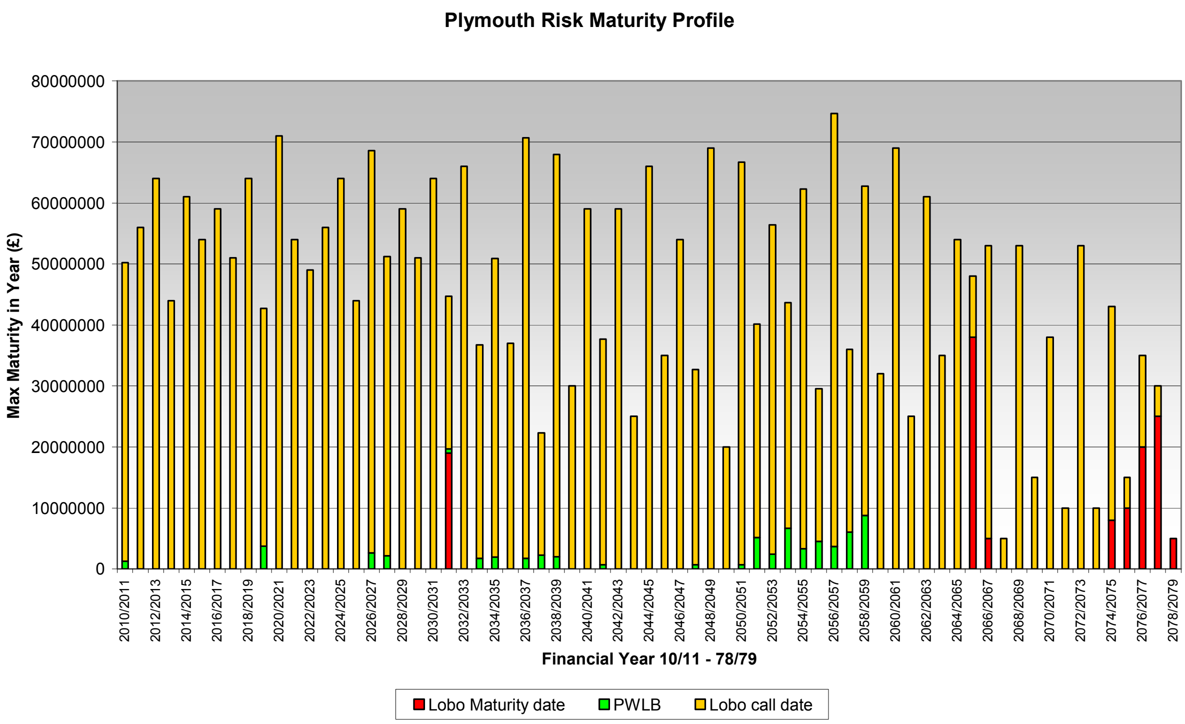
6.2 Lobo loans are lender option borrowing option loans where the lender has the option to vary the rate at pre-agreed dates and the borrower then has the option to accept this rate or repay the loan. The option dates are set for periods ranging from 2 to 5 years. Where the period to the option date is one year or greater the loan is treated as a fixed rate. Where the period to the option date falls below one year the loan then becomes potentially subject to a change in rate in that year and therefore the loan is treated as a variable rate loan.

6.3 The Portfolio above continues to include an element of temporary borrowing. Temporary borrowing is taken in advance to meet future cashflow requirements, and invested in reserve accounts until required. The estimates above assume that short-term market rates will continue to remain below rates available from variable deposits making this strategy advantageous for the Council. However, if borrowing rates rise above those available in liquid deposits the Council will use internal balances to meet cash flow requirements thus reducing the estimated borrowing and investment position by up to £69m at 31/3/2011 and £82m at 31/3/2012. It is not anticipated that any new long term borrowing will be required in 2011/12 and the Council's underlying borrowing strategy remains to reduce long term borrowing.

6.4 Debt Maturity

The following graph shows the maturity profile of the Council's external debt.

Figure 2



The debt portfolio continues to include £130m of LOBO (market) loans. These loans have various option call dates where the banks have the ability to amend the loan terms and at which point the Council could choose to repay the loan if the terms are changed adversely. This is reflected within the maturity profile shown above (in amber) to enable officers to risk manage the Council's cashflows.

6.5 The debt portfolio continues to have a higher weighting of market (LOBO) loans to PWLB. LOBO loans inherently carry a higher risk than PWLB loans as the Council cannot effectively control the repayment of such loans, and is unable to take advantage of rescheduling opportunities when interest rates change. This will be addressed over time with any new long term borrowing taken in PWLB loans.

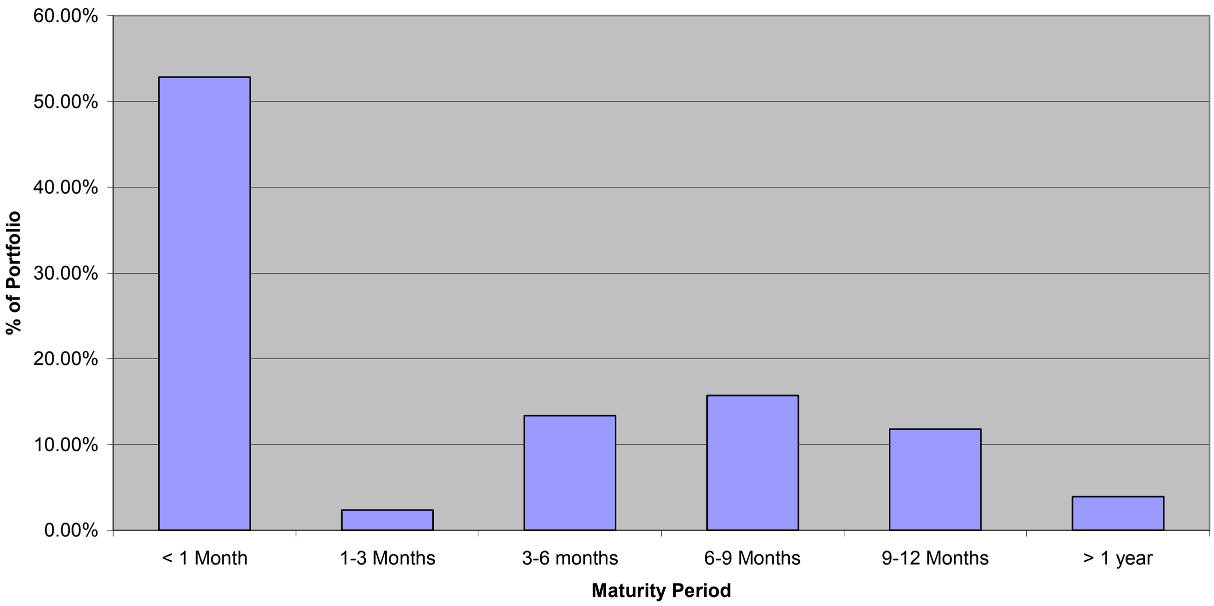
6.6 The estimate for interest payable during 2011/12, as included in the revenue budget, is £9.063m.

6.7 Investments

The Council's investments at 7 January are £171.8m, estimated to reduce to £130m at the end of the year, reflecting the policy of taking temporary borrowing at low rates in advance of forecast cashflow requirements. The actual position at the year end will depend on the availability of relatively low cost finance balanced with the actual payments required to be made by the Council. The graph below shows the current maturity profile of the Council's investments.

Figure 3

Plymouth City Council Investment Maturity Profile 31st December 2010



6.8 The Council's investments at 7 January 2011 were as follows:

Table 2

Counter party	Total £m
Iceland	11.638
Banco Santander	
Santander UK (was Abbey National)	27.825
National Australia Bank	
Clydesdale Bank	29.350
Lloyds Banking Group	
Bank of Scotland	30.000
Barclays	30.000
Royal Bank of Scotland (RBS)	
RBS	25.000
Ulster Bank	5.000
Nationwide	13.000
Total	**171.813**

6.9 In terms of risk management, with the exception of the £11.6m still held in Iceland, the investment portfolio is now held either in UK banks or building societies, or UK subsidiaries of foreign banks. Whilst these institutions continue to have access to the Government Credit Guarantee Scheme, there is a risk, albeit a small risk, should the UK Government, ie our sovereign state, collapse.

6.10 Using the Arlingclose risk matrix as outlined in section 5, the Council's current credit risk scoring is as follows:

- Value weighted average credit risk score: 4.22
- Value weighted average credit rating score: AA-
- Time weighted average credit risk score: 4.59
- Time weighted average credit risk score: A+

These remain within the recommended limits as outlined in 5.5. The Investment portfolio will continue to be scored against the matrix during the year to reflect new and maturing investments.

6.11 The estimate for interest receipts for 2011/12 as included in the revenue budget proposals is £0.839m.

7. Outlook for Interest Rates

7.1 The forecast movement in the Official Bank Rate as provided by the Council's treasury advisor, Arlingclose Ltd, is set out below. A more detailed analysis is given in Appendix B.

Table 3

Official Bank Rate

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Upside Risk		+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central Case	**0.50**	**0.50**	**0.50**	**0.75**	**1.00**	**1.25**	**1.50**	**2.00**	**2.50**	**2.75**
Downside Risk				-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

8. The Council's Borrowing Requirement and Prudential Indicators

8.1 The underlying need to borrow for capital purposes is measured by reference to the Capital Financing Requirement (CFR). The CFR represents the cumulative capital expenditure of the local authority that has not been financed. To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision for Debt Redemption (MRP) from within the revenue budget each year. The estimated MRP included in the 2011/12 budget is £7.285m.

8.2 Table 4 below shows the estimated CFR over the medium term.

Table 4 Prudential Indicator- CFR

Capital Financing Requirement	31/3/2011 Approved £m	31/3/2011 Revised £m	31/3/2012 Estimate £m	31/3/2013 Estimate £m	31/3/2014 Estimate £m
Total CFR	**265.704**	**261.149**	**269.456**	**261.428**	**253.217**

8.3 Capital expenditure not financed from internal resources, ie not from capital receipts, capital grants and contributions, revenue or reserves, will produce an increase in the CFR (the underlying need to borrow) and may in turn produce an increased requirement to charge MRP in the Revenue Account.

8.4 The capital programme is currently under review following the Local Government Finance Settlement announcement. However, supported borrowing previously included within the settlement for capital programmes has been removed and future support will be in the form of capital grants. The Council will still be able to undertake unsupported borrowing, although this will be limited given the pressures on the revenue budgets. The estimated borrowing requirement forecast to cover the capital programme over the next 3 based on the current approved programme is:

	£m
2011/12	16.329
2012/13	0.949
2013/14	NIL

An additional £20m of short-term borrowing may be required in 2011/12 to cover the timing differences in realising capital receipts. This borrowing will be repaid from expected capital receipts over the following 3 years. The borrowing requirement is expected to be met from short-term borrowing, cashflow and internal balances.

8.5 Actual borrowing may be greater or less than the CFR, but in accordance with the Prudential Code, the Council will ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus estimated of any additional CFR for the current and next two financial years. The Council will have no borrowing in advance at 1 April 2011.

8.6 Under Section 3 of the Local Government Act 2003 and supporting regulations the Council must determine and keep under review how much it can afford to borrow. The Council is required to set two limits:

- The Authorised Limit
- The Operational Boundary

8.7 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments). The limits include any PFI or Finance lease repayments. The limits proposed for the medium period are shown in table 5.

Table 5 Prudential Indicator – Authorised Limit for External Debt

Authorised Limit for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Borrowing	312	317	**337**	331	323
Other Long-term Liabilities*	35	32	**31**	30	30
Total	**347**	**349**	**368**	**361**	**353**

*subject to amendment as a result of IFRS finance lease classification

8.8 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario, but without the additional headroom included within the Authorised Limit. Table 6 shows the Operational limits proposed for the medium term period.

Table 6 Prudential Indicator – Operational Boundary for External Debt

Operational Boundary for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Borrowing	260	290	**312**	302	283
Other Long-term Liabilities*	35	32	**31**	30	30
Total	**295**	**322**	**343**	**332**	**313**

*subject to amendment as a result of IFRS finance lease classification

8.9 The Borrowing limits are required to be formally approved by Full Council, and whilst these can be amended during the year, any amendment also requires full Council approval. The limits will reduce in 2012/13 and 2013/14 as debt is repaid and the forecast borrowing for the capital programme is reduced.

8.10 The Director for Corporate Support has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Full Council.

8.11 The Prudential Code requires that capital expenditure remains within sustainable limits and, in particular, requires authorities to consider the impact on Council Tax. The tables below show the anticipated capital expenditure over the period to 2013/14 as outlined in the latest approved capital programme and how this expenditure will be financed. These figures remain subject to review in the light of the CSR/settlement.

Table 7 Prudential Indicator – Estimates for Capital Expenditure

Capital Expenditure	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Total	**92.179**	**77.457**	**85.200**	**18.489**	**5.660**

The capital expenditure is expected to be financed as follows:

Table 8

Capital Financing	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital Receipts	7.443	4.126	**19.641**	1.459	0.500
Grants and Contributions	54.906	48.690	**42.643**	15.681	5.160
Section 106	-	1.969	**6.572**	0.400	-
Revenue contributions	4.949	1.827	**0.015**	-	-
Total Financing	67.298	56.612	**68.871**	17.540	5.660
Borrowing:					
Supported Borrowing	8.166	12.756	**16.251**	-	-
Unsupported Borrowing	16.715	8.089	**0.078**	0.949	-
Total Borrowing Requirement	24.881	20.845	**16.329**	0.949	-
Total Financing	**92.179**	**77.457**	**85.200**	**18.489**	**5.660**

8.12 Incremental Impact of Capital Investment Decisions

As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Table 9 Prudential Indicator – Incremental Impact of Investment Decisions

Incremental Impact of Capital Investment Decisions	2010/11 Approved £	2010/11 Revised £m	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
Increase in Band D Council Tax	0.34	**-2.52**	**1.96**	17.69	22.99

8.13 The negative impact on Council Tax in 2010/11 is due to the cost of financing the capital programme from short-term borrowing and internal balances being less than the grant received to fund this cost. The impact on the Council tax in 2011/12 and future years reflect the cumulative cost of financing the approved capital programme over the medium term.

8.14 Ratio of Financing Costs to Net Revenue Stream

The ratio of financing costs to the Council's net revenue stream is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on the costs net of investment income.

Table 10 Prudential Indicator – Ratio of Financing Costs to Net Revenue Stream

Ratio of Financing Costs to Net Revenue Stream	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
General Fund	6.11	6.12	**7.29**	7.99	7.33
Devon Debt	1.56	0.36	**-**	-	-
Total	**7.67**	**6.48**	**7.29**	**7.99**	**7.33**

9. The Borrowing Strategy for 2011/12

9.1 Borrowing options available to the Council are:
- PWLB loans
- Borrowing from other local authorities
- Borrowing from institutions such as the European Investment Bank and directly from Commercial Banks
- Borrowing from the Money Markets
- Local authority stock issues
- Structured finance

9.2 Notwithstanding the issuance of Circular 147 on 20 October following the CSR announcement which increases the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:

- Variable rate borrowing
- Medium-term year Equal Instalments of Principal (EIP) or Annuity Loans
- Long-term Maturity loans, where affordable

9.3 Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term and maintaining stability. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains significant and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium- and long-term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs.

9.4 The council's strategy remains to reduce the underlying level of its long term debt. The borrowing strategy for 2011/12 will therefore be to continue to meet the capital financing requirement from short-term fixed rate borrowing or variable rate borrowing where rates are lower than those available to the Council on it's investments. Where borrowing rates are higher than investment rates internal resources will be used in lieu of borrowing with borrowing only taken to cover short-term cash flow requirements. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term.

9.5 PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Authority's Treasury Advisor and decisions taken on whether to retain the same exposure or change from variable to fixed rate debt.

9.6 The Council has £130m loans which are LOBO loans (Lender's Options Borrower's Option) of which £56m of loans are currently in or will be in their call period in 2011/12. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources/short-term borrowing for repayment or may consider replacing the loan(s) by borrowing from the PWLB.

9.7 The Council has no plans to borrow in advance of need and net borrowing will be in line with the Capital Financing Requirement for 2011/12.

9.8 The Council may consider debt rescheduling for one or more of the following:

- To achieve savings in interest costs with minimal risk
- To balance the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
- To amending the profile of maturing debt to reduce any inherent refinancing risks.

As opportunities arise, they will be discussed with the Council's Treasury Advisors.

9.9 Borrowing and rescheduling activity will be reported to the Cabinet in the quarterly monitoring report and a formal treasury management mid year report will be presented to Audit Committee and Full Council.

9.10 The following Treasury Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

Table 11 Treasury Indicator – Upper Limits for Interest Rate Exposure

	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Upper Limit for Fixed Interest Rate Exposure	200	200	**200**	200	200
Upper Limit for Variable Interest Rate Exposure	85	85	**85**	85	85

9.11 The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.

Table 12 Treasury Indicator – Maturity Structure of Fixed Rate Borrowing

Maturity structure of fixed rate borrowing	Approved Upper limit for 2010/11 %	Upper Limit for 2011/12 %	Lower Limit for 2011/12 %
under 12 months	65	**50**	**0**
12 months and within 24 months	65	**70**	**0**
24 months and within 5 years	55	**35**	**0**
5 years and within 10 years	50	**25**	**0**
10 years and within 20 years	45	**25**	**0**
20 years and within 30 years	45	**25**	**0**
30 years and within 40 years	45	**25**	**0**
40 years and within 50 years	55	**35**	**0**
50 years and above	50	**50**	**0**

These limits are based on the risk of Lobo loans being called and repaid at the next option date and not at the final maturity date.

10. Investment Policy

10.1 Guidance from CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.

10.2 The Council's investment priorities are:

- security of the invested capital;
- liquidity of the invested capital;
- an optimum yield which is commensurate with security and liquidity.

10.3 The speculative procedure of borrowing purely in order to invest is unlawful and this Council will not engage in such activity. However there are circumstances where the Council may borrow money before it is required to finance capital expenditure, in accordance with the prudential code, and these circumstances provide additional balances for temporary investment. Any borrowing in advance of need will come at a cost and is not planned for 2011/12. However the Director for Corporate Support will monitor interest rates for both borrowing and investments and will react to changes in circumstances that make any advance borrowing that fits in with the Council's overall strategy and prudential indicators a viable option. This borrowing comes with additional credit risk by increasing the available funds for investments. This risk will be managed by depositing in high security institutions within limits set within the strategy.

10.4 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Non specified investments are regarded as higher risk than specified ones. The Council has traditionally invested in term deposits or call accounts, although the annual strategy statements have outlined a number of other specified and non specified instruments. Appendix C lists the specified and non specified investments available to be used for 2011/12.

10.5 The Council needs to maintain flexibility in its investment options if it is to be able to respond quickly to changing circumstances. Appendix C therefore continues to outline a number of investment instruments available for use in the coming year. The inclusion of such instruments on the list will afford the Director for Corporate Support, acting under delegated authority in accordance with the Constitution and in consultation with the Treasury Management Board, the flexibility required to manage the investment portfolio on a day to day basis without the need to seek prior Council approval for changes. Inclusion of an instrument on the list does not mean that the Council will necessarily make use of these during the year. The current lending list proposed to start on 1 April 2011 is attached at Appendix D. This will be reviewed with any banks no longer meeting the required credit quality criteria on 1 April removed from the list.

10.6 The Council's estimated levels of investments are set out in section 6.

11. Investment Strategy for 2011/12

11.1 The Council's in-house investments are made with reference to the outlook for the UK Bank Rate and money market rates. The Current Counter party list permits the Council to invest in:

- The Debt Management Agency Deposit Facility (DMO)
- Term deposits or business reserve accounts with UK banks or building societies that have access to the UK Government Credit Guarantee scheme
- UK nationalised banks
- Deposits with other local authorities
- Deposits with highly credit rated foreign banks, on the advice of Arlingclose (not currently used)
- AAA-rated Money Market Funds (MMF)with a Constant Net Asset Value (Constant NAV) investing predominantly in government securities (not currently used)

- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing in instruments issued primarily by financial institutions (not currently used)

11.2 The Strategy for 2011/12 proposes that the following be included within the approved Counterpary list:

- AAA-rate Variable Net Asset Value (VNAV) Money Market Funds
- Treasury Bills (T-Bills)
- Term deposits in Sweden

The inclusion of additional investment instruments and organisations on to the Counter party list will increase the flexibility for the Director for Corporate Support to respond to market conditions. However new organisations and instruments would not be used without careful monitoring of the credit risk (see below) , and, liaison with our Treasury Advisors.

11.3 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office (DMADF) or UK Treasury Bills. The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.

11.4 The Council selects countries and the institutions within them for the counter party list after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+ for counterparties; AA+ for countries)
- Credit Default Swaps (where quoted)
- GDP; Net Debt as a Percentage of GDP
- Sovereign Support Mechanisms/potential support from a well-resourced parent institution
- Share Prices
- Macro-economic indicators
- Corporate developments, news and articles, market sentiment.

11.5 The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.

11.6 The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.

11.7 To protect against a lower for longer prolonged period of low interest rates and to provide certainty of income, 2-year deposits and longer-term secure investments will be actively considered during 2011/12. These will be limited to a maximum of £10m or one third of total investment, if this is lower, with any one banking group. The longer-term investments will be likely to include:

- Term Deposits with counterparties rated at least A+ (or equivalent)
- Supranational Bonds (bonds issued by multilateral development banks):- even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.

11.8 The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested. No more than 25% of the Council's investment portfolio will be in term deposits exceeding I year at any one time.

Table 13 Prudential (Treasury) Indicator – upper limit for sums invested more than 364days

Upper Limit for total principal sums invested over 364 days	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	25	25	25	25	25

11.9 The Council's updated lending list for 2011/12 is included at Appendix D. The list will continue to be reviewed and updated by the Director for Corporate Support during the year.

11.10 The target rate of return on new investment in 2011/12 is 1%. The current deposits include deposits which were taken out for longer-term prior to the Icelandic banking crisis and are at much higher rates than current deposit rates. Taking these deposits into account the average rate on all deposits in 2011/12 is forecast at 2.41%. The investment interest included in the 2011/12 budget is £0.839m. This does not take account of any repayments from our Iceland bank deposits.

11.11 Using the Arlingclose risk matrix, the Council will aim to achieve an overall credit rating of A+ or higher and a credit score of 5 or lower for its investment portfolio.

12. Investments defined as Capital Expenditure

12.1 The acquisition of share capital or loan capital in any body corporate, a loan or grant or financial assistance by the Council to another body for capital expenditure, and certain other types of investment are defined as capital expenditure under the relevant Regulations.

12.2 The Council's policy is to not use any investment which will be deemed capital expenditure.

13. Balanced Budget Requirement

13.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget. The proposed budget for 2011/12 is set out in the 2011/12 budget report.

14. Annual MRP Statement

14.1 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

14.2 The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

14.3 MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

14.4 Under the regulations, the authority is required before the start of each financial year to prepare a statement of its policy on making MRP in respect of that financial year and submit it to the Full Council. The proposed policy for 2011/12 is as follows:

<u>Supported Borrowing</u>
For borrowing supported by Revenue Support Grant the Council will continue to use the current method of 4% of the adjusted Non-HRA capital financing requirement, (Option 2).

<u>Unsupported Borrowing</u>
For new borrowing under the prudential system for which no Government support is being given and is therefore self-financed, MRP will be made in equal annual instalments over the life of the asset (Option 3).

<u>Capitalisation Directions</u>
For capitalisation directions on expenditure incurred since 1 April 2008 MRP will be made in equal annual instalments over 20 years in line with DCLG guidance (Option 3).

<u>PFI/Leases</u>
MRP in respect of PFI and leases brought on Balance Sheet under the 2009 SORP and IFRS will match the annual principal repayment for the associated deferred liability.

In all cases MRP will commence in the financial year following the one in which the expenditure is incurred. No MRP will be charged whilst an asset is under construction.

15. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

15.1 In accordance with the recommendations of the Treasury Management Code, the Council's Audit Committee will be responsible for the scrutiny of treasury management activities and practices.

15.2 The Director for Corporate Support will report to the Audit Committee on treasury management activity and performance at least twice a year against the strategy approved for the year (being a mid year review and an end of year review).

15.3 The Council is required to produce an outturn report on its treasury activity no later than 30 September after the financial year.

15.4 In addition treasury management activity will continue to be reported as part of the quarterly budget and performance reports to Cabinet and as part of the budget outturn report. The Prudential Indicators will be presented to Cabinet as part of the annual budget report.

16. Other Items

16.1 <u>Training</u>

CIPFA's Code of Practice requires the Director of Corporate Support to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Members of the Audit Committee received training in Treasury Management in January 2010. Council Officers provided refresher training for members on 10 January 2011.

16.2 <u>Investment Consultants</u>

The CLG's Guidance on local government investments recommend that the Investment Strategy should state:

- whether and, if so, how the authority uses external contractors offering information, advice or assistance relating to investment and
- how the quality of any such service is controlled.

The Council continues to use Arlingclose as its treasury advisors. Arlingclose attend the Council Offices and meet with the Treasury Management Board at least quarterly to discuss the Council's borrowing and investment strategies and update on any new developments. The Council also receives regular updates concerning its counter party institutions, including any new institutions that may be added to the counter party list.

During 2010/11 Arlingclose developed a set of benchmarking criteria which enables the Council to compare its investment performance against other Unitary Council clients of Arlingclose.

The contract with Arlingclose commenced on 1 January 2009 and was for an initial period of 1 year, extendable by a further 1 plus 1 year subject to satisfactory performance. The contract will be subject to re-tender by 31 December 2011.

17. Recommendations

17.1 Council Approve:

(a) The Prudential Indicators set out in the report

(b) The Authorised Borrowing limits of £368m, £361m and £353m for the period 2011/12 to 2013/14

(c) The Operational Boundary of £343m, £332m and £313m for 2011/12 to 2013/14

(d) The MRP Policy for 2011/12

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CITY COUNCIL APPENDIX F

28 February 2011

Cabinet Minute 108 of 8 February 2011

BUDGET AND CORPORATE PLAN SCRUTINY REPORT 2011

The report of the Overview and Scrutiny Management Board on the Budget and Corporate Plan Scrutiny 2011 was submitted together with minute 95 of the Overview and Scrutiny Management Board.

Councillor James (Chair of the Overview and Scrutiny Management Board) presented the report and advised Cabinet Members that -

(a) the Overview and Scrutiny Management Board had met with the Council's partners on the Local Strategic Partnership Board, prior to the meetings of the Board in January 2011;

(b) it was acknowledged by the Management Board and the strategic partners that there was a need to focus on a smaller number of priorities;

(c) the performance targets should reflect the City Council's aim for excellence;

(d) there was an acknowledgement of the need for a balanced budget;

(e) the Management Board were concerned at the loss of partnership funding.

In conclusion, Councillor James thanked Cabinet and the Corporate Management Team for their contributions and also thanked the Democratic Support Team for their support during this scrutiny review.

The Chair responded and also thanked the Democratic Support Team for their support. She welcomed the comprehensive response from the Overview and Scrutiny Management Board and thanked them for their work.

On behalf of Cabinet, she broadly welcomed the recommendations and indicated that –

(f) Cabinet were happy to involve scrutiny in supporting the policy and performance process where scrutiny was adding value;

(g) the existing and proposed Equality Impact Assessments on the budget and its implementation were proportionate and beyond statutory requirements and Cabinet did not want to commit to further impact assessments as proposed.

Cabinet's response to the Budget and Corporate Plan 2011 scrutiny recommendations was submitted.

Agreed the responses, as submitted and appended to these minutes, as the Cabinet's formal response to the recommendations of the Overview and Scrutiny Management Board.

Note:

The full report in connection with this minute is available on the website
www.plymouth.gov.uk/democracy
or by contacting Democratic Support on 01752 304867

Ref	**Recommendation**	**Responses**	**By who**	**By when**
1.1	That the Director for Public Health, as a joint appointment, should contribute to the budget and corporate plan scrutiny process in future years	Agree	Carole Burgoyne	October 2011
2.1	Where **shared service arrangements with other local authorities** are being developed, the Overview and Scrutiny Management Board be given an oversight role. Partners should be involved at the earliest opportunity to ensure a more joined up approach in delivery of shared services.	Agree with Overview and Scrutiny Management Board having a role in scrutinising relevant decisions and proposals for shared service arrangements and provisions	Ian Gallin and Adam Broome.	Ongoing

Ref	Recommendation	Responses	By who	By when
2.2	Where delivery plans will result in a **reduction of service to citizens**, modelling should be undertaken to assess the impact on individuals, households and communities. This should include both the differential impact on those groups within each neighbourhood and the cumulative impact on those who are affected by more than one change. Account should be taken in undertaking the modelling of income levels.	Detailed Equality Impact Assessments (EIAs) have been undertaken on the budget and a commitment given to undertake further assessments, as required, on the implementation stages of different elements of the plans. Our EIAs already encompass aspects beyond the statutory requirements (eg health inequalities) and extending the process yet further is not considered appropriate or proportionate.	All delivery plan leads	Milestones to be set out in delivery plans
2.3	**Value for Money and performance benchmarking** information against the Council's 'family group' should form part of the performance management reporting that is submitted to the Overview and Scrutiny Management Board.	Agree	Ian Gallin and Adam Broome jointly in consultation with CMT	March 2011

Ref	**Recommendation**	**Responses**	**By who**	**By when**
2.4	The **Corporate Income Recovery Plan** relating to how the Council collects the money owed to it from a variety of sources should be the subject of pre-adoption scrutiny by the Support Services scrutiny panel. Options relating to cash collection as set out in the Corporate Support Services budget delivery plan should be included.	The Council's performance in collecting income will continue to be reported through the quarterly performance and finance monitoring report. Similarly the Council's delivery of all budget delivery plans will be 'traffic-lighted' via the quarterly performance and finance monitoring report. These quarterly reports will enable the Board to scrutinise progress on income collection.	Adam Broome	Ongoing
2.5	That the Overview and Scrutiny Management Board receive a progress report on the **Council's new procurement initiatives**, namely Procure to Pay, buyer rollout, and 'sell to Plymouth'. The Board will monitor, through the quarterly performance and finance monitoring reports, ongoing work around these projects which equate to £4m savings over the next 3 years.	Agree	Adam Broome	June 2011

Ref	Recommendation	Responses	By who	By when
2.6	That governance and scrutiny arrangements are agreed between the Scrutiny Management Board and the Cabinet and the Corporate Management Team with regard to the **prioritisation of the capital programme and the 'invest to save' programme.**	A review of capital programme arrangements is to be carried out, focussing firstly on governance arrangements, and secondly on prioritisation of schemes based on reduction of available resources. Involvement of scrutiny will be included within this review.	Anthony Payne	June 2011
2.7	That **draft proposals for years 3, 4 & 5 of the capital programme** be prepared for this budget and as part of the ongoing budget setting process.	This is not considered appropriate, given the current uncertainty about capital funding arrangements, and the importance of maintaining a realistic, and funded capital programme	CMT	N/A
2.8	That a proposal for a **small grants scheme for community and voluntary groups** is developed and implemented jointly with Plymouth 2020	Agreed that work will be taken forward on this recommendation. This would need to form part of the discussions with LSP partners with all partners funding contributions being considered.	Ian Gallin	April 2011

Ref	Recommendation	Responses	By who	By when
2.9	That urgent consideration is given to addressing the **funding shortfall for the Volunteer Centre and infrastructure support for community and voluntary groups** created by the ending of Local Area Agreement Performance Reward Grant.	Subject of LSP Executive discussions 26 January 2011 and the Board on the 10th February 2011. An update can be provided to Overview and Scrutiny Management Board.	Ian Gallin	March 2011
2.10	In making **savings to the cost of senior management**, a risk analysis of potential loss of capacity within the Council to deliver its change agenda should be undertaken.	Agree	CMT	TBA
2.11	That Directors and Assistant Directors should ensure that **reporting of service provision** which affects people (for example adults' and children's social care) should include statistics as both a percentage and in terms of actual numbers of people. Where possible, measures of dispersion – geographic / neighbourhood information should be included.	The requested statistical information will be included in relevant responses where appropriate and proportional. The other issues raised will be addressed through EIA's.	SMT	ongoing

Ref	**Recommendation**	**Responses**	**By who**	**By when**
2.12	Cabinet and delegated decision reports include provision to indicate where an **Equality Impact Assessment** is required, and, if so, this is listed as one of the background papers.	Agree	SMT	From March 2011
2.13	That consideration should be given to ensuring that there is better public understanding of the role of the **Plymouth 2020 Partnership** and how community views are represented on it.	Agree	Ian Gallin	March 2011

Ref	Recommendation	Responses	By who	By when
3.1	That **impact assessments** with regard to delivery plan proposals be prepared, as (2.2) above, in respect of: • Schools transport • Locality restructure • Disability Service restructure • Changes to Special Educational needs policies • Reduction in contribution to Youth Offending Service • Financial support and non-statutory payments to Care Leavers	Response as (2.2) above		N/A
3.2	That a prioritised list of capital projects in Children's Services be prepared and published pending clarity from Government about the availability of resources	As 2.7 above		
3.3	That a review of all grants relating to the provision of children's services that are not continuing, with succession arrangements, is published	Implications of grant changes will continue to be reported via the quarterly budget and performance report.	CMT	Ongoing

Ref	**Recommendation**	**Responses**	**By who**	**By when**
4.1	That the **recycling target** be reviewed in the light of Plymouth's aspirations for excellence and the benchmarks for similar authorities within the Council's 'family group'.	The recycling target is currently being reviewed.	Carole Burgoyne	March 2011
4.2	That a policy with respect to **community transfer of assets** in line with the provisions within the Localities and Decentralisation Bill be developed and submitted to the Scrutiny Management Board. Specifically the feasibility of asset transfers referenced within Community Services budget delivery plans should be quantified.	A policy is included in the Councils Asset Management Plan. Business cases will be developed on individual asset transfer for decision and scrutiny as appropriate	Adam Broome, Carole Burgoyne and Ian Gallin	June 2011
4.3	That a review of all **grants relating to the Community services** that are not continuing, with succession arrangements, is published.	As 3.3 above		

Ref	**Recommendation**	**Responses**	**By who**	**By when**
4.4	That **impact assessments** with regard to delivery plan proposals be prepared, as (2.2) above, in respect of: • Cemeteries and Crematoria fees • Rationalisation of Environmental Services structure • Changes to library opening hours	As 2.2 above		N/A
4.5	That a **Volunteering Plan** for the city is produced, including provision for the increased use of Community Payback resources to undertake work on behalf of the Council and partners to increase efficiency savings.	Agree.	Peter Aley	June 2011
4.6	Plymouth takes a lead role in establishing a **Crime Panel** in line with legislative proposals.	Agree	Carole Burgoyne	May 2012

Ref	Recommendation	Responses	By who	By when
4.7	That **targets for the Personalisation agenda** be set in line with 'family group' authorities rather than regional comparators.	Agree	Carole Burgoyne	June 2011
4.8	Proposals for use of the **£3.5m health fund**, and any other related unallocated resources be brought to the Health and Adult Social Care scrutiny panel.	Agree	Carole Burgoyne	March 2011
4.9	Details are provided of the specific proposals about **savings related to events, grants and other initiatives** as set out in the Culture, Sports and Leisure budget delivery plan.	Agree	Carole Burgoyne	February 2011
5.0	Details are provided of the **transport options for savings** currently being considered in the budget delivery plan.	Agree as individual options are developed	Anthony Payne	February 2011 Onwards

Ref	**Recommendation**	**Responses**	**By who**	**By when**
5.1	Following ministerial feedback, the revised **Local Economic Partnership** for Plymouth be reviewed by the Growth and Prosperity overview and scrutiny panel	Agree	Anthony Payne	April 2011
5.2	That **impact assessments** with regard to delivery plan proposals be prepared, as (2.2) above, in respect of: • Family Intervention Project • Anti-social behaviour • Transport options	As (2.2) above		N/A
5.3	That interim **targets for job creation** between now and 2026, including monitoring and evaluation criteria with regard to sustainability should be put in place to enable more effective monitoring.	Agree	Anthony Payne	June 2011

PLYMOUTH CITY COUNCIL

CABINET

8 FEBRUARY 2011

Overview and Scrutiny Management Board Minute 95 of the meeting held on 26 January 2011	**BUDGET AND CORPORATE PLAN SCRUTINY 2011**

The Chair and Lead Officer presented for consideration the draft report arising from scrutiny of the Budget and Corporate Plan 2011. Members were advised that positive feedback had been received, both from the Executive and senior management, in regard to the professionalism with which the process had been undertaken and the high degree of challenge which had been demonstrated.

Discussion then turned to the report content and recommendations. Whilst the majority of the Board were happy with the report, the Labour Councillors on the Overview and Scrutiny Management Board were concerned that some of the budget proposals did not fully support the areas of 'raising aspiration' and 'reducing inequalities' within the Corporate Plan. They considered that some of the delivery plans in the budget had the potential to disadvantage both families and vulnerable people in Plymouth. They believed that amendments to two of the recommendations, together with the inclusion of an additional recommendation, would enhance the scrutiny report and, if adopted, may help to alleviate many of the areas of disadvantage within this budget. Councillor Wildy therefore proposed the following amendment with regard to recommendations to the Corporate Management Team –

R2.2 add 'that this is produced and is available to Members ***before*** the budget setting at Full Council';

R2.11 add at end of final sentence 'and links to neighbourhood profiles are demonstrated in Service Delivery Plans';

R2.14 add new recommendation 'Profiling of households should take place prior to final determination. These profiles should be carried out annually and made available to Members as part of the preparatory work of the budget setting process'.

The proposal, having been seconded by Councillor McDonald, was put to the vote and declared lost. At Councillor Wildy's request the vote was recorded as follows -

For: Councillors McDonald and Wildy

Against: Councillors Ball, Browne, James, Nicholson, Ricketts and Thompson

At the suggestion of the Board, a few minor amendments were then made to the main body of the report as follows –

P. 12	paragraph 8 – delete the word ‘agreed’;
P. 15	paragraph 13 – delete the word ‘noted’ and replace with ‘were informed of’;
R2.10	renumber second 2.10 to 2.11 and then change remainder of numbering to run consecutively.

Agreed the Budget and Corporate Plan Scrutiny Report 2011.

Overview and Scrutiny Management Board

Scrutiny Review Report

January 2011

Budget and Corporate Plan Scrutiny 2011

Plymouth City Council

Contents

Foreword

1. The Council's Overview and Scrutiny Management Board, formed in July 2009, has responsibility for holding the Cabinet to account for its decisions with respect to the corporate budget and policy framework, as set out in the Council's constitution. Its members, drawn from both parties and assisted by co-opted members with expertise from the business and education sectors, are charged with independent scrutiny of the Council's decisions with respect to financial and performance management matters, as well as the Council's key strategies.

2. The Overview and Scrutiny Management Board has planned its programme carefully to challenge whether:

- the Council's Corporate Priorities within the draft Corporate Plan are properly tested as being fit for purpose in delivering the city's strategic objectives and achieving the Council's vision
- the proposed budget, both capital and revenue, is both deliverable and supports the priorities;
- arrangements are in place to deliver the stated priorities within the financial framework set out in the budget.

3. We would like to extend our thanks to members of the Board, both councillors and co-opted members, for their commitment in conducting this scrutiny review. We would also like to thank the officers who supported us, Cabinet Members, Directors and Assistant Directors who took part in the review. We would also like to express our appreciation of the contribution made by colleagues from NHS Plymouth, the Community and Voluntary Sector, City College, Devon and Cornwall Constabulary and the Culture Board.

Councillor James, Chair

Councillor Ball, Vice-Chair

Scrutiny Approach

4. The Board convened over two and a half days to hear from Partners, Cabinet Members, Directors and Senior officers to consider the Draft Corporate Plan 2011 – 2014 and the Revenue and Capital Budgets 2011/12. As part of their considerations the Board received a number of documents which supported the scrutiny process, including –

- Key Performance Indicators 10/11
- Level 1 and 2 priority indicators;
- An update on the financial settlement and grant changes
- Annual audit letter 2009/10
- Public budget consultation results

5. The first session on 5 January saw members probe the city's strategic partners about their views on the council's plans and the impact that these plans would have on their own service provision. Prior to the meeting partners had received the indicative budget and draft corporate plan and had been involved in the process for agreeing the city priorities. Partners welcomed the opportunity to participate in the process and representations were received in person from NHS Plymouth, the Community and Voluntary Sector and City College Plymouth as well as in writing from Devon and Cornwall Constabulary the Culture Board and the Chamber of Commerce

6. Issues raised within the various representations were taken forward by members of the board and used to inform a more robust challenge over the two-day scrutiny session with Cabinet Members. Board members also used the information to form recommendations on how the Council could work better with its partners in the future.

7. The session on 12 January included an overview of the shared city vision, the vision for the council and the city priorities. This overview was presented by the Leader, Chief Executive, Director for Corporate Support and the Assistant Chief Executive and was followed by separate sessions for each corporate service area over 12 and 17 January. The programme of scrutiny culminated in a concluding session with the executive team of the Leader, Cabinet Member for Finance, Property, People and Governance, the Chief Executive, the Assistant Chief Executive and the Director for Corporate Support.

8. The meetings were public and recommendations were drafted and generated in a dynamic manner throughout each session.

9. At the beginning of each departmental session individual Cabinet Members provided an overview of their portfolio and were then interviewed alongside the accompanying Directors and Assistant Directors, where the impact of delivery plans on service provision was explored as well as some more detailed issues.

Process Recommendations

To the Overview and Scrutiny Management Board –	
R 1.1	That the Director for Public Health, as a joint appointment, should contribute to the budget and corporate plan scrutiny process in future years

Findings

Challenge of the Overview

The Leader, the Cabinet Member for Finance, Property, People and Governance, the Chief Executive, the Director for Corporate Support and the Assistant Chief Executive set the scene for the budget scrutiny and gave an overview of the Draft Corporate Plan and Indicative Budget. Board Members were advised that -

10. The Council is facing an enormous financial challenge and has to make efficiency savings from its overall budget totalling £30m over the next three years. This is quite unprecedented given the current economic climate and the requirement to make savings in the public sector to reduce the defecit. Despite this, the Council remains committed to its ambition to make Plymouth one of Europe's finest, most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone. In consultation and agreement with its key strategic partners, the shared priorities for delivering the vision have been reduced from 14 to four -

- Deliver Growth
- Raise Aspiration
- Reduce Inequality
- Provide Value for Communities

11. Key to achieving these savings are –

- stronger and integrated operational delivery of services with partners
- better use of assets
- focusing on departmental delivery plans
- modernising the Council to improve customer services, including establishment of a single point of contact (SPOC)
- cutting out duplication and "working smarter"

12. The Council is starting this challenge on a strong and sound base having achieved many successes during 2010, highlights of which include the Municipal Journal award for Best Achieving Council of the Year and strong performance assessments in respect of child protection and adult social care. In addition, £4m of in-year savings have already been achieved.

Following the introduction and at the end of the budget scrutiny process, Board Members challenged the Executive on the overview of the process and documents before them.

13. The Board were informed of the different approach being taken in this budget to direct the burden of the savings to be achieved to service areas not identified as being crucial to delivery of the four city priorities as opposed to sharing the cuts equally across all departments.

14. The Board welcomed the formation of the Peninsula Group to look at ways of working in partnership with Plymouth and other local authorities in Cornwall, Devon and Torbay, particularly around the possibility of shared services. However, Members were concerned at the lack of scrutiny involvement in this process to date and reinforced the importance of engagement with all partners at the earliest opportunity.

15. Whilst noting the continuation of a number of major projects within the capital programme, the Board expressed concern at the changes made to its format, having gone from a rolling list to only including those projects which were funded. This meant that there was no public record of what the other projects were, where they sat in order of priority or when they may come to fruition.

16. It was acknowledged that because the draft budget had been prepared earlier this year than in the past, it had not been possible to provide comprehensive detail in respect of the equalities impact assessments. However, concern was expressed that, whilst equalities impact assessments were useful, it would have been better to undertake some form of modelling to establish the differential effect of this budget on individuals (single, unemployed, elderly), households and neighbourhoods and the cumulative impact on those which are affected by more than one change.

17. Despite the fact that working with partners and sharing services with other authorities was highlighted as being a key factor to ensuring delivery of the budget and that fundamental to this was the reliance on excellent ICT and data compliance, it remained unclear how the ICT provision was being managed or on what basis it was being prioritised.

Corporate Support/Chief Executive's Challenge

18. The Board noted the continuation of last year's policy to reduce back office spend and, whilst commending the fact that to date there had only been a total of 14 redundancies arising from the deletion of 170 posts, concern was expressed at the fact that a number of posts were still being covered by agency staff. Bearing in mind that it was the Council's intention to cut a total of 500 posts from the structure over the next three years, clarification was sought in writing as to the exact number of posts being covered by agency staff, in which service areas they were situated and on what grade.

19. Within Democratic Services, Members voiced concerns at the proposals to reduce the level of civic engagements and queried the degree to which the Lord Mayoralty and civic functions would be cut and how these cuts would be determined. A written response was provided in this regard. Clarification was also sought on what was meant as a 'core' committee and Members were advised that they would be ones that were required by statute. However, this would ultimately be a decision for Full Council to debate and determine.

20. Members were concerned at the effect of job losses on service provision. Whilst it was acknowledged that savings could be achieved through the introduction of smarter working practices without having to reduce staff numbers – one example being Revenues and Benefits where despite a reduction in service spend, staff numbers and performance had been maintained against an increase in customer contact – Members felt more should be done to demonstrate how these savings and performance were being measured and whether or not they offered value for money.

21. Consideration was given to the opportunities provided to partners to engage in the budget setting process through the 11 theme-based budget groups. Whilst it was appreciated that this would not be appropriate in all service areas. Members heard that there was a discrepancy of views about the extent to which NHS Plymouth had been involved in Social Care delivery plans.

22. The Board queried the 'green' status of the feasibility and risk element of the delivery plan relating to debt management. This indictor related to how effectively income was collected overall, it was felt by Members that there should be pre-adoption scrutiny of the Corporate Income Recovery Plan, including cash collection options.

23. Concerns were raised over a lack of scrutiny involvement with procurement initiatives which would amount to £4m worth of savings over the next three years, particularly given that this amount made up 12 per cent of the total delivery plan savings.

24. Given the current economic climate, the Board acknowledged that the capital programme would inevitably be subject to change, however, in doing so, they felt that present governance and scrutiny arrangements were not sufficient to allow this to happen in an open and transparent way, particularly around invest-to-save schemes.

25. Whilst the Board appreciated that longer term budget planning would always be subject to change, Members felt that in order to have a more joined up budget and corporate plan both should span the same period. At present the Corporate Plan ran for five years, whereas the budget predictions covered just three.

26. Following consultation with the Plymouth Third Sector Consortium, members became aware of the difficulties faced by community and voluntary groups in obtaining grants for small schemes. The current system had been identified as overly bureaucratic which caused some groups severe difficulties, and in some cases even prevented, in them obtaining grants.

27. Members were concerned at the funding shortfall with respect to the Volunteer Centre and infrastructure support to community and voluntary groups and the impact that this would have on the sector.

28. In terms of reporting, Members felt that representing people as a percentage did not always give the best picture in terms of the actual impact when it came to an increase or decrease in service provision. They therefore suggested that when such information is presented in future actual numbers as well as a percentage are included.

Due to the differences in communities across Plymouth measures of dispersion were also important where possible.

29. Given the significance of the Local Strategic Partnership (Plymouth 2020) and the fact that its existence and purpose was promoted in a public manner, it was felt that the work and decisions of the Partnership, as well as how it represented community view, should be made more open and transparent.

Recommendations

To Cabinet -	
R 2.1	Where **shared service arrangements with other local authorities** are being developed, the Overview and Scrutiny Management Board be given an oversight role. Partners should be involved at the earliest opportunity to ensure a more joined up approach in delivery of shared services.
R 2.2	Where delivery plans will result in a **reduction of service to citizens**, modelling should be undertaken to assess the impact on individuals, households and communities. This should include both the differential impact on those groups within each neighbourhood and the cumulative impact on those who are affected by more than one change. Account should be taken in undertaking the modelling of income levels.
R 2.3	**Value for Money and performance benchmarking** information against the Council's 'family group' should form part of the performance management reporting that is submitted to the Overview and Scrutiny Management Board.
R 2.4	The **Corporate Income Recovery Plan** relating to how the Council collects the money owed to it from a variety of sources should be the subject of pre-adoption scrutiny by the Support Services scrutiny panel. Options relating to cash collection as set out in the Corporate Support Services budget delivery plan should be included.
R 2.5	That the Overview and Scrutiny Management Board receive a progress report on the **Council's new procurement initiatives**, namely Procure to Pay, buyer rollout, and 'sell to Plymouth'. The Board will monitor, through the quarterly performance and finance monitoring reports, ongoing work around these projects which equate to £4m savings over the next 3 years.
R 2.6	That governance and scrutiny arrangements are agreed between the Scrutiny Management Board and the Cabinet and the Corporate Management Team with regard to the **prioritisation of the capital programme and the 'invest to save' programme.**
R 2.7	That **draft proposals for years 3, 4 & 5 of the capital programme** be prepared for this budget and as part of the ongoing budget setting process.

R 2.8	That a proposal for a **small grants scheme for community and voluntary groups** is developed and implemented jointly with Plymouth 2020
R 2.9	That urgent consideration is given to addressing the **funding shortfall for the Volunteer Centre and infrastructure support for community and voluntary groups** created by the ending of Local Area Agreement Performance Reward Grant.
R 2.10	In making **savings to the cost of senior management**, a risk analysis of potential loss of capacity within the Council to deliver its change agenda should be undertaken.
To the Corporate Management Team –	
R 2.11	That Directors and Assistant Directors should ensure that **reporting of service provision** which affects people (for example adults' and children's social care) should include statistics as both a percentage and in terms of actual numbers of people. Where possible, measures of dispersion – geographic / neighbourhood information should be included.
R 2.12	Cabinet and delegated decision reports include provision to indicate where an **Equality Impact Assessment** is required, and, if so, this is listed as one of the background papers.
To the Local Strategic Partnership -	
R 2.13	That consideration should be given to ensuring that there is better public understanding of the role of the **Plymouth 2020 Partnership** and how community views are represented on it.

Department for Services for Children and Young People Challenge

30. In addition to previous comments made around impact assessments (paragraph 16 and R2.2), it was felt that further consideration was particularly important in terms of children's services delivery plan proposals which were more likely to have a cumulative impact on households, for instance a family in receipt of services for a child with a disability and special educational needs who also received school transport provision could be affected by three separate elements of the delivery plan for the Children and Young People service.

31. The Board acknowledged that the department was awaiting clarity from government around grants and resources, the outcome of impending announcements would inevitably affect the capital projects currently listed. Members felt that once confirmation of funding was received the prioritised list of capital projects should be prepared and published. In addition to this, a list of services which would not be continuing as a result should also be published along with details of the alternatives to be put in place.

Recommendations

To Cabinet -	
R 3.1	That **impact assessments** with regard to delivery plan proposals be prepared, as (2.2) above, in respect of:

	• Schools transport • Locality restructure • Disability Service restructure • Changes to Special Educational needs policies • Reduction in contribution to Youth Offending Service • Financial support and non-statutory payments to Care Leavers
R 3.2	That a prioritised list of capital projects in Children's Services be prepared and published pending clarity from Government about the availability of resources
R 3.3	That a review of all grants relating to the provision of children's services that are not continuing, with succession arrangements, is published

Department for Community Services Challenge

32. Members noted with concern the comparatively low recycling target for the City and felt that, in order to improve at a rate that would match Plymouth's aspiration for excellence, a more challenging target was required.

33. The Board noted the intention of the Localism Bill to transfer assets to communities and the Council's desire to utilise this provision. However, concern was expressed that there was little evidence, particularly given the current economic climate, that community groups would be interested or have the ability to take this responsibility on board. Members suggested that in-depth scrutiny of any proposals would be beneficial.

34. It was acknowledged that not all grants received by the department would continue and that this may affect service provision. Further detail of which schemes would be affected, together with details of succession arrangements, where appropriate, should be published.

35. In a similar vein to issues highlighted during discussions with Children's Services (paragraph 30) around the cumulative impact of delivery plan proposals, Members reiterated concerns raised and suggested that the same modelling investigations should be undertaken by Community Services.

36. Members welcomed the use of community payback resources in the City to address street cleansing issues but felt that more could be done to maximise use of the probationary service as well as other voluntary groups to address reduced resources as a result of funding cuts. Establishment of a Volunteering Plan for the City would set guidelines for the use of this resource and encourage take-up where consideration has not previously been given.

37. The Board was aware of the requirement to establish a Police and Crime Panel by 2012 and expressed concern that Plymouth's needs as a City may be diluted if a proactive approach is not taken in its establishment at an early stage.

38. Board members were concerned that whilst Plymouth compared favourably with neighbouring authorities with respect to the personalisation agenda, a more productive and worthwhile comparison might be with the family group and the national picture.

39. Members were aware, through budget consultation with partners, that substantial amounts of government funding had become available through various streams, e.g. the Health Fund and Winter Pressures Fund. As proposals for the use of this funding were yet to be confirmed, Members requested that the Health and Adult Social Care Overview and Scrutiny Panel be consulted over the spending proposals.

40. Concern was raised at the impact of the cultural strategy on the City's vision. Whilst the Corporate Plan promotes the importance of the City's cultural offering, the departmental delivery plan appeared to reduce it. Members felt that a more detailed proposal in terms of savings relating to events, grants and other initiatives would be beneficial.

Recommendations

To Cabinet -	
R 4.1	That the **recycling target** be reviewed in the light of Plymouth's aspirations for excellence and the benchmarks for similar authorities within the Council's 'family group'.
R 4.2	That a policy with respect to **community transfer of assets** in line with the provisions within the Localities and Decentralisation Bill be developed and submitted to the Scrutiny Management Board. Specifically the feasibility of asset transfers referenced within Community Services budget delivery plans should be quantified.
R 4.3	That a review of all **grants relating to the Community services** that are not continuing, with succession arrangements, is published.
R 4.4	That **impact assessments** with regard to delivery plan proposals be prepared, as (2.2) above, in respect of: • Cemeteries and Crematoria fees • Rationalisation of Environmental Services structure • Changes to library opening hours
R 4.5	That a **Volunteering Plan** for the city is produced, including provision for the increased use of Community Payback resources to undertake work on behalf of the Council and partners to increase efficiency savings.
R 4.6	Plymouth takes a lead role in establishing a **Crime Panel** in line with legislative proposals.
R 4.7	That **targets for the Personalisation agenda** be set in line with 'family group' authorities rather than regional comparators.
R 4.8	Proposals for use of the **£3.5m health fund**, and any other related unallocated resources be brought to the Health and Adult Social Care scrutiny panel.
R 4.9	Details are provided of the specific proposals about **savings related to events, grants and other initiatives** as set out in the Culture, Sports and Leisure budget delivery plan.

Development and Regeneration Challenge

41. The Board was concerned at the lack of clarity in the department's delivery plan which referred to a 'package of transport options' amounting to £300k. The proposals gave examples of what these options might be rather than the specific detail of which options would be selected.

42. Following discussions around the establishment of a Local Economic Partnership for Plymouth, Members were concerned that progress appeared to be slow and suggested that the Growth and Prosperity Overview and Scrutiny Panel be involved in monitoring its progress.

43. As per previous discussions with Children's Services (paragraph 30) and Community Services (paragraph 35) around the cumulative impact of delivery plan proposals, Members suggested that the same modelling investigations should be undertaken by Development and Regeneration.

44. Given the amount of money paid out in compensation on slips, trips, falls and potholes, Members were of the opinion that consideration should be given to an invest-to-save scheme around the highways maintenance and improvement programme.

45. In relation to discussions around job creation for the City, Members commented that to set a target for 2026 without interim targets or milestones would make it difficult to monitor progress effectively. Whilst it was appreciated that it would be challenging to set interim targets, it was thought to be necessary as job creation was a key element in delivering the City's growth agenda.

Recommendations

To Cabinet -	
R 5.1	Details are provided of the **transport options for savings** currently being considered in the budget delivery plan.
R 5.2	Following ministerial feedback, the revised **Local Economic Partnership** for Plymouth be reviewed by the Growth and Prosperity overview and scrutiny panel
R 5.3	That **impact assessments** with regard to delivery plan proposals be prepared, as (2.2) above, in respect of: • Family Intervention Project • Anti-social behaviour • Transport options
R 5.4	That interim **targets for job creation** between now and 2026, including monitoring and evaluation criteria with regard to sustainability should be put in place to enable more effective monitoring.

CITY COUNCIL APPENDIX G

28 February 2011

Cabinet Minute 109 of 8 February 2011

BUDGET AND CORPORATE PLAN

The Director for Corporate Support submitted a written report comprising the following documents -

- Corporate Plan 2011 – 14;
- Corporate Asset Management Plan 2011 – 15;
- 2011/12 Revenue and Capital Budget (update to the Indicative Budget approved on 14 December 2010 (minute 83 refers).

The Chair introduced the Corporate Plan 2011 – 14 which set out the Council's strategic direction for 2011 – 14 and beyond and commended the plan to the Cabinet, for referral to the City Council for approval. She reported that –

(a) the plan focused on the vision for the city and for the Council, the four shared priorities of the Council and its partners and a range of supporting outcome measures;

(b) the plan summarised the Council's financial position and its drive to make efficiencies at a time of reduced public expenditure;

(c) the importance of transformational change to improve services with fewer resources was a theme throughout;

(d) the plan also highlighted the public budget consultation, partnership input and overview and scrutiny focus.

Councillor Bowyer (Cabinet Member for Finance, Property, People and Governance) reported –

(e) on the updated Corporate Asset Management Plan for which the timetable had been revised to the end of 2015, due to the effect of the current economic downturn. This would be reviewed during the next twelve months;

(f) that work was underway to produce a business plan for the accommodation strategy;

(g) that the plan included the Council community asset transfer strategy which would respond to the new government agenda on devolving more control to communities and also supported elements of the council's budgetary delivery plans. It also showed how the Council was taking forward carbon management;

(h) that information on the management of assets was detailed in the report, including the provision of a new corporate property database, the ongoing maintenance strategy, statutory compliance, corporate property forum and new developments around the Single Point Of Contact for Corporate Support and Corporate Buyer function;

(i) that the schools estate was a significant part of the Council's portfolio and referred to primary schools where there was a basic need issue, requiring a temporary increase of the use of temporary classrooms;

(j) that the 2011/12 Revenue and Capital Budget updated the funding allocations in the Medium Term Financial Strategy presented to the City Council on 6 December 2010, and detailed both the revenue allocations as a result of the December 2010 Local Government Settlement announcements, and updated the capital programme following funding allocations. As a result of the settlement there was a need to revisit the original budget assumptions;

(k) whilst the report outlined a balanced budget in the context of resources available, more detailed work would continue during February and any refinement to the budget proposals would be reported to the City Council on 28 February 2011;
.

(l) approval was sought for increases to various discretionary fees and charges proposed as part of the budget considerations;

(m) that the report provided an update on how the Council had allocated its revenue and capital resources across departments and priority areas for 2011/12 to improve outcomes for local people and was fully linked and underpinned the Council's Corporate Plan 2011-14;

(n) for the Capital Programme, there had been significant reductions in funding areas linked to all government departments, and there was much uncertainty over funding streams post 2011/12. The Council was still planning a significant capital investment and this would increase in years 2012/13 – 2014/15 as more funding streams become available. The revised Medium Term Capital Programme was submitted for approval;

(o) the Treasury Management Strategy for 2011/12 was subject to scrutiny by the Audit Committee on 21 January 2011. Following the revisions to the capital programme, there was a need to revise the prudential indicators as outlined in the report.

Councillor Bowyer commended the Corporate Asset Management Plan and revenue and capital budget to the Cabinet, for referral to the City Council for approval

In response to questions from Cabinet Members, Cabinet was advised that –

(p) the delivery plans for adult social care were on target and alternative options were in place in the event of slippage;

(q) whilst proposing savings on children's services, a needs analysis had been undertaken at the outset of the process, locality by locality, and focus had been maintained on the impact of proposals on vulnerable families. The service was proposing to do things differently rather than reduce services and the early intervention grant would be targeted at vulnerable groups;

(r) a significant amount of funding had been released to the health authority for social care and the officers were in discussion to secure an agreement on how that money would be allocated between the authorities. The agreement for 2010/11 would be brought to Cabinet shortly and officers were in discussion on the funding for 2011/12 and 2012/13;

(s) although capital funding for transport schemes had been cut, the city was still aiming to deliver the growth agenda. The city was one of the few to have seen significant investment in improvements to the infrastructure and, with partners, a bid was being prepared for local sustainable transport funding;

(t) every effort had been made to ensure that safeguarding had not been compromised during the budget process; Councillor Mrs Watkins having recently spent time with social workers, expressed her thanks to them for their commitment to their work;

(u) there had been a significant investment into libraries, for example at Torbridge High School and St Aubyn's. A review was looking at modernisation, opening hours, usage and staffing levels across the management. Officers were also in discussion with other authorities in the peninsula to consider improving technology and distribution of services across the city. There were no proposals to close libraries next year. The Chair expressed her thanks to Councillor Brookshaw (Cabinet Member for Community Services (Safer and Stronger Communities and Leisure Culture and Sport) and Carole Burgoyne. The officers undertook to consider whether St Aubyn's could be submitted for an Abercrombie award;

(v) excellent progress had been made at the Life Centre and the works were currently on target. Final tenders had been received for the leisure management contract and the preferred bidder would be announced in March 2011;

(w) the Plymouth Translate Service in the Safer Communities Department would be self funding and the City Council was in discussion with the health authority for funding, as the biggest user of the service;

(x) the reduction of grant funding in the safer communities area, would impact on domestic abuse and sexual assault services. Investment was being sought from partners and officers were looking at the most efficient use of grants and ways of filling the gap in funding. The proposals included a reduction in the back office;

(y) although bulky waste collection charges were being increased, fees had not been raised for three years and those on benefits would receive the service free of charge;

(z) no front line services were affected by these proposals;

(aa) the transfer of performance and policy staff was being managed by Assistant Chief Executive, across all departments and officers and Members were confident that the changes would deliver savings and improve the service;

(bb) comments about the proposals targeting vulnerable people were rejected and fairness in the budget proposals, could be demonstrated. A risk based approach had been adopted and proposals had been considered under equality impact assessments and the impact of decisions would be kept under review.

The Chair indicated that the proposals would mean that the City Council would be recommended to freeze the Council tax for the coming year.

Agreed that –

(1) **Corporate Plan 2011-14**
the Corporate Plan is Recommended to the City Council for adoption, subject to minor amendments and editorial design changes being delegated to the Chief Executive and the relevant portfolio holder;

(2) **Corporate Asset Management Plan 2011-15**
the Corporate Asset Management Plan is Recommended to the City Council for adoption, subject to minor amendments and editorial design changes being delegated to the Director for Corporate Support and the relevant portfolio holder;

2011/12 Revenue and Capital Budget Report

(3) the proposed net revenue budget requirement of £208.237m for 2011/12 and five year Capital Programme (2010/11 – 2014/15) of £192.635m is Recommended to the City Council on 28 February 2011, subject to any final amendments;

(4) increases to fees and charges as outlined in Appendix C to the report, are Recommended to the City Council for approval;

(5) the revised Prudential Indicators outlined in Appendix E to the report are Recommended to the City Council for approval.

Note:

The full report in connection with this minute is available on the website
www.plymouth.gov.uk/democracy
or by contacting Democratic Support on 01752 304867

2010/11 Adj Net Budget	Department/Service	2011/12 Gross Expenditure	2011/12 Gross Income	2011/12 Spending plans	% Variation between years
£		£	£	£	%
	Chief Executive				
512,059	Departmental Management	482,448	0	482,448	
1,165,764	Policy Performance & Partners	739,620	(9,000)	730,620	
49,682	Corporate Communications	663,364	(91,700)	571,664	
0	Chief Executive Budget Savings	(276,279)	0	(276,279)	
1,727,505	**Total Chief Executive**	**1,609,153**	**(100,700)**	**1,508,453**	**-12.68%**
	Children and Young People				
0	Schools	177,867,791	(177,867,791)	0	
711,953	Funded Programmes	0	0	0	
3,095,612	Performance and Policy	3,918,206	(711,169)	3,207,037	
9,367,642	Learner and Family Support	25,088,110	(16,077,011)	9,011,099	
12,730,443	Lifelong Learning	42,350,449	(30,092,789)	12,257,660	
26,962,518	Social Care	30,442,605	(2,844,689)	27,597,916	
(2,881,000)	Childrens & Young People Budget Savings	(2,691,000)	0	(2,691,000)	
49,987,168	**Total Children and Young People**	**276,976,161**	**(227,593,449)**	**49,382,712**	**-1.21%**
	Corporate Items	0			
(4,054,300)	Other Corporate Items	2,620,837	(6,863,000)	(4,242,163)	
10,401,226	Capital Financing	14,510,311	(4,875,619)	9,634,692	
(1,149,434)	Major Projects	0	0	0	
1,510,000	Corporate Items Budget Savings	(450,000)	(1,250,000)	(1,700,000)	
6,707,492	**Total Corporate Items**	**16,681,148**	**(12,988,619)**	**3,692,529**	**-44.95%**
	Community Services				
72,886,092	Adult Health and Social Care	90,776,055	(17,702,680)	73,073,375	
10,759,385	Culture Sport and Leisure	14,040,324	(4,179,698)	9,860,626	
25,745,594	Environmental Services	43,749,663	(17,961,720)	25,787,943	
1,544,298	Safer Communities	1,496,428	0	1,496,428	
1,759,882	Service, Strategy & Regulation	1,914,835	(62,500)	1,852,335	
(1,596,000)	Community Services Budget Savings	(2,890,096)	0	(2,890,096)	
111,099,251	**Total Community Services**	**149,087,209**	**(39,906,598)**	**109,180,611**	**-1.70%**
	Corporate Support				
181,035	Departmental Management	181,035	0	181,035	
14,947,674	Finance, Assets & Efficiencies	136,354,183	(122,717,395)	13,636,788	
2,669,482	HR Organisational Development	3,472,782	(1,068,188)	2,404,594	
5,980,889	ICT information Systems	6,391,809	(844,465)	5,547,344	
2,202,913	Customer Services	2,161,187	(5,125)	2,156,062	
5,825,975	Democracy and Governance	6,425,912	(1,239,704)	5,186,208	
0	Corporate Support Budget Savings	(1,712,031)	0	(1,712,031)	
31,807,968	**Total Corporate Support**	**153,274,877**	**(125,874,877)**	**27,400,000**	**-13.86%**
	Development and Regeneration				
1,403,143	Planning Services	3,041,679	(1,575,679)	1,466,000	
2,887,252	Strategic Housing	5,420,645	(2,548,645)	2,872,000	
772,783	Business Support	918,179	(550,000)	368,179	
13,640,646	Transport and Highways	18,255,395	(4,638,574)	13,616,821	
519,104	Waste Management Project Team	630,634	(210,634)	420,000	
(1,388,366)	Economic Development	3,540,408	(4,859,408)	(1,319,000)	
(237,000)	Development & Regeneration Budget Savings	599,000	(950,000)	(351,000)	
17,597,562	**Total Development and Regeneration**	**32,405,940**	**(15,332,940)**	**17,073,000**	**-2.98%**
218,926,946	**Total General Fund budget**	**630,034,488**	**(421,797,183)**	**208,237,305**	**-4.88%**

RECOMMENDATIONS TO THE CITY COUNCIL

Monday 28 February 2011

(1) with a net budget of £208.237m the Band D Council Tax for Plymouth City Council purposes will be £1,244.67. The total Band D Council Tax after taking account of the precept from the Devon and Cornwall Police Authority of £156.60 and of the precept from the Devon and Somerset Fire and Rescue Authority of £71.77 will be £1,473.04 for the year 2011/12

(2) it be noted that at its meeting on 14 December 2010, the Cabinet calculated the amount of 77,066 as its Council Tax Base for the year 2011/12 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under Section 33 (5) of the Local Government Finance Act 1992, as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 and the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, made under Section 11A of the Local Government Finance Act, 1992, as inserted by Section 75 of the Local Government Act 2003, and the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) (No.2) Regulations 2003;

(3) the following amounts be now calculated by the Council for the year 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act, 1992 (referred to hereafter as 'the Act') -

(a)	£630.034m	Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act;
(b)	£421.797m	Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act;
(c)	£208.237m	Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above calculated by the Council, in accordance with Section 32(4) of

the Act, as its budget requirement for the year;

(d)	£112.315m	Being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non domestic rates and revenue support grant, increased by the amount of the sums which the Council estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Finance Act, 1988, and increased by the amount of the sums calculated in accordance with the Local Government Changes for England (Collection Fund Surpluses & Deficits) Regulations, 1995;
(e)	£95.922m	Being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 2 above, calculated by the Council in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year;

(f)

Valuation Bands	£
A	829.78
B	968.08
C	1,106.37
D	1,244.67
E	1,521.26
F	1,797.86
G	2,074.45
H	2,489.34

Being the amounts given by multiplying the amount at 3 (e) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

(4) it be noted that for the year 2011/12 the Devon and Cornwall Police Authority have stated the following amounts in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below -

Valuation Bands	**Police Authority**
	£
A	104.40
B	121.80
C	139.20
D	156.60
E	191.40
F	226.20
G	261.00
H	313.20

(5) it be noted that for the year 2011/12 the Devon and Somerset Fire and Rescue Authority have stated the following amounts in precept issued to the Council, in accordance with section 40 of the Act for each of the categories of dwellings shown below -

Valuation Bands	**Fire Authority**
	£
A	47.85
B	55.82
C	63.80
D	71.77
E	87.72
F	103.67
G	119.62
H	143.54

(6) having calculated the aggregate in each case of the amounts at 3(f), (4) and (5) above, the Council, in accordance with Section 30(2) of the Act, sets out the following amounts of Council Tax for the year 2011/12

for each of the categories shown below –

Valuation Bands	£
A	982.03
B	1,145.70
C	1,309.37
D	1,473.04
E	1,800.38
F	2,127.73
G	2,455.07
H	2,946.08

Fees and Charges

1. Introduction

1.1 Councils have powers to charge for a wide range of services. Many of these powers derive from legislation that applies to specific service areas. However under the local Government Act 2003, Council's also have wide powers to charge for discretionary services.

1.2 Fees, charges and rents, will account for around 8%of the Council's income in 2011/12. The pie chart below shows income from fees and charges by Service (including investment interest):

2. Statutory Charges

2.1 A number of charges are determined by Statute and revisions to charges are normally made by the issue of annual regulations. Areas where statutory charges apply include:

- Adult Residential and Nursing care – uplifted in line with welfare benefit increase under statutory guidance (see below)
- Certain Environmental fees and charges
- Local land Searches – Are currently set to a statutory maximum.
- Registration Services – Including Births, Deaths and Marriage certificates are charged at the statutory rates which are unchanged from April 2010.

3. Discretionary Charges

3.1 Service managers are expected to review charges as part of the annual budget setting exercise unless a service review has been, or is due, to be undertaken. The underlying principle outlined as part of the budget report in 2009/10 is that fees and charges should be reviewed annually and uplifted by the rate of inflation (RPI), currently 4.7%, with the exception of services where charges have been implemented or amended to fund services improvements or where benchmarking shows that the Council's costs may be low (or high) in comparison to those charged elsewhere.

3.2 In deciding whether to increase fees and charges departments continue to have regard to the current economic climate, as well as the impact of the recent increase in VAT from 17.5% to 20%.

3.3 Many of the Departmental Budget Delivery Plans, as presented to Council on 6 December 2010 and updated within this report, outline proposals to increase discretionary fees and charges.

- Bereavement Service – the Cremation fees and charges have been reviewed and amended. Benchmarked locally and increased above the rate of inflation.

- Bulky Waste Collections – the bulky waste collection charge will increase from £15 to £20 from 1st April 2011

- Car Parking - Proposed changes to charges are currently under public consultation where a range of changes have been proposed. It is proposed to increase, hold and reduce some charges as a package designed to generate income without deterring customers. The proposals strike a balance through a mixture of increasing income through higher charges and through incentivising people to purchase certain tariffs. Any proposals have to be considered with both the parking and wider transport policies/strategy. The implementation date is expected to be 1st March 2011 (subject to process)

- Marine Services - Benchmarking has been undertaken which has highlighted, when comparing like for like, Plymouth City Councils charges, such as mooring fees, are not consistent with many other Authorities. Proposals are currently being drafted which will see charges rise to be more inline with other comparable Authorities. It is anticipated that these proposals will be implemented in April/May 2011 (subject to process).

3.4 Outside of the budget setting exercise, charges may be implemented or amended to fund service improvements or where benchmarking shows that the Council's costs may be low (or high) in comparison to those charged elsewhere. Where this is the case, increases would normally be agreed via a specific report to Cabinet The following increases have already been approved::

- Mount Edgcumbe admission fees – a range of price increases from 7% to 30% have been applied to reflect current market prices, together with the introduction of incentive rates to target areas to enable growth. (Mount Edgecumbe joint committee report – 10 December 2010)

- Mount Edgcumbe car parking – charges have been increased by 50% to fall in line with price increases applied by Cornwall Council to neighbouring car parks. Parking permits have been increased by 120% from £25 to £55. (Mount Edgecumbe joint committee report – 10 December 2010)

- Taxi Trade – revised charges were agreed by Licensing Committee in August 2010. This is a trading undertaking and will not impact on the General Fund.

3.5 The setting of fees and charges is a complex process which involves an assessment of the market, benchmarking and other methods of determination. Those processes are not yet finalised in all areas and will need refinement before concrete proposals can be made, consequently, it is recommended that authority for determining the final level of fees and charges is delegated to the executive. Charges still to be reviewed include:

- Building Inspection Fees – Currently set to ensure cost recovery over a three year period and are being reviewed. Major changes are not anticipated as the amendments will amount to 'fine tuning' rather than major changes.

- Gambling and Gaming fees will be subject to a separate report in February 2011.

- The Charging Schedule for Highways agreements have been unchanged since March 2000 and it is proposed to increase most of the rates to from April 2011 to take account of current costs. The proposals are currently going through the usual approval process.

4. Increases not previously reported

4.1 The following increases in fees and charges are now proposed with effect 1 April 2011 unless otherwise stated:

- Exclusive rights of burial in earthen graves. Deeds to rise by 10%

- Introduction of a fee for a lease of a forfeit grave, 10% less than a new grave deed fee

- Introduction of fee for 5 year lease of shrub - £108, renewal of lease £60

- Waste Disposal Charges will rise by 15% due to an increase in Landfill Tax of £8 per Tonne (£48 2010/11 to £56 2011/12)

- Air quality monitoring. Fees set by tender exercise with Defra to provide these services

- Contaminated Land enquiry fees to rise from £62 to £75, (21%)
- Beach Hut annual and monthly tenancies will increase by 25% as a result of a benchmarking exercise
- Trading Standards. “Buy with Confidence Scheme” membership fees will be frozen (£50 for a sole trader to £200 if 16 + employees)
- The increase for skin piercing licence will rise to Premises - £108, Person - £55
- The income from the sale of recyclables is significant but is dependant on market factors and we propose to seek the best available price for resaleable commodities.
- Neighbourhood and Environmental Quality – see Tables 1- 3 below
- Registration Services – Attendance at Approved premises for Marriages and Civil Partnerships, Discretionary fees and RBD attendance are reviewed on a regular basis. The fees for new bookings effective from April 2011 are included in the Table 4 below

NEIGHBOURHOOD AND ENVIRONMENTAL QUALITY – FEES AND CHARGES 2011/12

Animal Health and Welfare Licences

Table 1

Licence	2010/11	2011/12
Dangerous wild animal	£275	£303
Breeding of dogs	£73	£128
Animal boarding establishments	£88	£154
Pet animals	£73	£128
Riding establishments	£185	£259

Based on Comparison with charges by similar councils

Stray Dog Release Fee

Table 2

Day of release	2010/11	2011/12	Statutory fee (Y/N)
Day 1	£63	£25	Y (£25)
Day 2	£83	£107	Y (£25)
Day 3	£109	£119	Y(£25)
Day 4	£109	£131	Y(£25)
Day 5	£109	£143	Y(£25)
Day 6	£109	£155	Y(£25)
Day 7	£170	£167	Y(£25)

Based on Prescribed Fine of £25 (Environmental Protection (Stray Dogs) Regulations 1992)

Pest Control treatments

Table 3

	2010/11	2011/12	Statutory fee (Y/N)
Domestic (all charges based on per treatment)			
Rats	£0	£0	N
Mice	£36	£45	N
Squirrels	£88	£110	N
Wasps	£36	£45	N
Fleas	£70	£88	N
Commercial			
Rats	£70 per hour	£88 per hour	N
Mice	£70 per hour	£88 per hour	N
Squirrels	£88 per treatment	£110 per treatment	N
Insect disinfestations	£70 per hour	£88 per hour	N

Based on

- Cost recovery for officer time
- Cost recovery for cost of treatment, e.g. products, equipment, etc.
- Benchmarking with other councils in regional West Pest Liaison Group

Registration Fees

Table 4

	Fees 2010/11	Fees 2011/12 (Published April 2010)	Fees effective April 2011 (New Bookings)
Approved Premises Licensing			
New Application	£1420		£1,800
Renewal	£1036		£1,300
Approved Premises attendance (M) & (CP) Ext.			
Mon - Sun	£293	£304	
Mon - Fri			£325
Sat			£350
Sun			£375
Bank Holiday	£358	£371	£400
Approved Premises attendance (M) & (CP) Int.			
15 minute	£40	£40	£40 (as Stat fee)
30 minute (Mon – Sat)	£101	£105	
30 minute (Mon – Fri)			£100

30 minute (Sat)			£130
45 minute	£137	£142	
45 minute (Mon – Fri)			£150
45 minute (Sat)			£180
Celebratory Ceremonies			
Weekday	£111	£113	£150
Saturday	£156	£159	£225
Sunday/Bank Holiday	£178	£182	£300
Individual Citizenship			
Weekday	£56		£75
Week evening	£88		£100
Saturday	£117		£200
Sunday	£152		£225
Certificates			
Priority Service (same day)	£5		£11
Postage (Standard service)			£0.50
(M) & (CP) Ceremony Booking Fee			£10
Amendment fee			£5
Cancellation Fee			Lose booking and any amendment fee plus equivalent to 50% of advanced fee if less than 4 weeks notice

5. Publication of Charges

5.1 There are a number of areas for which the Council is required to publish its schedule of charges and these are listed below. They mainly affect Adult and Children's Social Care.

5.2 Community Services

5.2.1 Residential Care

Client contributions towards residential care are determined by statutory guidance. Clients are financially assessed and their contribution generally increases in line with the increase applied to welfare benefits.

The only exceptions to this are the very small number of clients who are placed in the Council's in-house residential homes who have the financial ability to pay the full cost of care. Under statutory guidance, Councils should calculate the full cost of residential care provided by homes run by the authority. This standard charge is also applied to other local authorities and Health organisations when they use the Council's in-house homes. The 2011/12 standard charge will be uplifted by the same inflation factor applied to welfare benefits.

5.2.2 Charging for Non Residential Adult Social Care Services

Client contributions towards community based services are subject to national statutory guidelines.

In line with the national personalisation agenda the Council has approved a revised Fairer Contributions Policy which underpins the principles for fairer charging set out in the 2009 DH guidance and will reflect local decisions that the maximum contribution will be set at 100% of the personal budget.

5.2.3 Staff Meals and Beverages

A number of staff have meals and beverages supplied due to the nature of their employment such as staff working in the residential homes.

It is recommended to increase the charges in future by applying the annual inflationary increases. Applying the October 2010 CPI of 3.2%, rounded for ease of collection, results in the following recommended changes.

Table 5

	Current	Proposed
Meal Charges		
Breakfast	£1.20	£1.25
Main meal – main course only	£2.20	£2.25
Dinner – two course	£3.15	£3.25
Tea	£0.70	£0.75
Snack / Supper	£1.25	£1.30
Beverage Charges		
Charge per month		
Hours worked per week – 30 +	£3.50	£3.60
Hours worked per week – under 30	£1.85	£1.90

5.3 Children's Services

5.3.1 Proposed Allowances for young people leaving care 2011/12

This paper sets out the proposed allowances for young people leaving care, effective from Monday 11 April 2011. Rates and increases will be based on the Department for Work and Pensions (DWP) benefit rates for 2011/12, when available. The following table sets out the proposed allowances.

Proposed Care Leaver Allowances 2011/12

Allowances are payable from 11 April 2011*

Table 6

Allowance Type	Weekly Rates 2010/11	Proposed New rates 2011/12
Personal Allowance (where young person in own accommodation) Rate set by DWP	£51.85	£53.45
Young People in Custody	£10.00	£10.00
Hardship loan	£25.93	£26.73
Travel Costs	£14.00	TBC
Education and Training Incentive	£18.00	£18.00
Education or training equipment	£282.00	£282.00
Birthday & Festival Allowance (each)	£120.00	£60.00
Social and leisure Allowance	£267.00	£267.00
Payment to Supported Lodgings Carers (PCC Rates: 16 – 18)	£155.00 + £20.00 from young person	£155.00 + £20.00 from young person
Payment to Supported Lodgings Carers (PCC Rates: 18+)	£85.00* + £20.00 from young person	£85.00* +£20.00 from young person
Leaving Care Grant (One off payment)	£1,193.00	£1000.00
Found Placement	£50.00	£50.00
Maternity Grant	£500.00	£500.00
University Bursary	£2,000	£2,000
Birthday Allowance at 19	£20.00 £40.00 if in training	£20.00 £40.00 if in training

5.3.2 Other allowances can be payable dependent on a young persons living situation. In these cases the rates are determined using rates published by the DWP.

5.3.3 The local authority is required to meet the accommodation costs of students studying at higher education or residential further education. These costs are dependent on individual arrangements.

5.3.4 Supported lodgings 18+, and housing support for young people who find their own accommodation. This charge was introduced following the withdrawal of Supporting People funding and will enable young people aged 18+ stay in supported lodgings, where it is deemed that they require the support of such a placement. This payment is in line with the payments made to providers via the Sustainable Independence Contracts.

5.3.5 The latter payment is in effect a “rent” payment, where a young person finds their own placement (generally a friend) and PCC has determined by way of an assessment that this is “suitable accommodation”. Housing costs are determined by market forces and as a result it is not possible to quantify these in this report.

5.3.6 Proposed Foster Carer Allowances 2011/12

This section sets out the proposed Foster Carer weekly maintenance rates, effective from Monday 11 April 2011. Rates have historically been set using the National Fostering Network recommended rates for local authority Foster Carers, the authority has decided there will be no increase to Band 2 carers and above in line with standardising inflation.

Foster Carer Allowances 2011/12

Table 7

Band 1 **Foster Carer**	**Rates 2010/11**	**Proposed New rates 2011/12**
Age Band (yrs)	£	£
0 - 4	125.09	131.53
5 - 10	142.52	149.80
11 - 15	177.38	186.48
16+	215.74	226.80

Bands 2-3-4 **Foster Carer** (Experienced, panel approved for full range of placements)	**Rates 2010/11**	**Proposed New rates 2011/12**
Age Band (yrs)	£	£
0 - 4	164.50	164.50
5 - 10	179.13	179.13
11 - 15	208.25	208.25
16+	237.23	237.23

Band 3 - Reward (taxable payments paid in addition to maintenance)	Rates 2010/11 £	Proposed Rate 2011/12 £
Band 3	100.00	100.00

Band 4 - Reward (taxable payments paid in addition to maintenance)	Rates 2010/11 £	Proposed Rate 2011/12 £
Band 4	411.00	411.00

6. Recommendation

6.1 The fees and charges as outlined above be approved.