

CITY OF PLYMOUTH

Subject: Joint Finance and Performance Report – Position as at
31 March 2011

Committee: Cabinet

Date: 7 June 2011

Cabinet Member: Councillor Bowyer and Councillor Ricketts

CMT Member: CMT

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Ref: Acct/SW

Key Decision: Yes

Part: I

Executive Summary:

This report represents the final performance and financial monitoring report for 2010/11 showing the final position for the year, outlining key issues that have arisen during the year with particular focus given to the variations in the final quarter.

Performance

Some of the more significant performance issues during the year outlined in the report include:

- Key safeguarding measures are performing strongly due to focused management action.
- Significant improvements in educational attainment across early years foundation stage as well as a further narrowing of the gap for pupils achieving 5 A*-C (GCSE) in English and Maths.
- Action to reduce waste and increase recycling included increased processing capacity; expansion of the garden waste scheme; expansion of recycling to some multi occupancy properties, and the introduction of new recycling schemes (e.g. low energy light bulbs and batteries)
- Support for carers which exceeded the target for the year.

Revenue

The final position for the year, assuming the transfers to and from reserves as proposed in the report are approved, is net spend of £201.930m giving a deficit of £0.105m. As is normal practice, this report proposes a number of adjustments to the financial accounts following the final financial health review always undertaken by the Section 151 Officer at the end of the year. Decisions made as part of this report will feed into the Council's annual Statement of Accounts which is subject to external audit.

Should all proposals be approved, there will be a requirement for a transfer from the Working Balance, leaving a net working balance of £11.412m at 31 March 2011, which represents 5.5% of the net revenue budget for 2011/12. The Medium Term Financial Strategy is to maintain a Working Balance of at least 5% net revenue spend.

Previous reports had indicated a potential overspend for the year due in particular to budget pressures in both children's services and community services. Due to extensive management action across all departments to stop or minimise spend wherever possible the overspend was virtually avoided. Whilst this is good news, many of the final savings in the last quarter were one-off and will not therefore necessarily reduce the underlying pressures faced by departments in future years.

Capital

The Council achieved spend of £69.718m against the revised capital programme of £77.457m as approved in January 2011, which equates to 90%. A sum of £0.318m will be transferred to revenue to meet accounting standards on capital expenditure, and a corresponding transfer of grant or reduction in revenue contributions for the year will be made to ensure there is no impact on the revenue budget.

The Council continues to face a series of challenging issues into the medium term. The impact of the in-year 2010/11 grant funding reductions plus the reduced funding for 2011/12 and beyond means the Council have to have robust plans if it is to continue to improve.

Our result for 2010/11 shows the Council has come very close to achieving the very challenging budget. There must not be complacency as the Council moves into 2011/12. To achieve the budget in the coming year all departments must achieve their declared Delivery Plans, which amount to £13.3m.

Corporate Plan 2011-2014:

Monitoring of the Council's performance and financial position during the year is fundamentally linked to delivering the corporate improvement priorities within Council's corporate plan.

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

The Medium Term Financial Forecast will now be updated to take account of the outturn position as detailed in this report.

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

In considering the budget variations for the year, Directors will identify any potential risks to delivering the budget in future years. These will be monitored as part of the corporate reporting process.

Recommendations & Reasons for recommended action:

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

1. Cabinet note the provisional outturn position for the year.
2. Cabinet note the additional transfers to provisions reflected in the outturn figures as required in accordance with statutory provisions:
 - Bad debt provisions £0.300m
 - Insurance provisions £0.300m
3. The Section 151 Officer recommended adjustments to reserves and provisions be approved as follows:
 - Reallocation of grants provision (£0.327m)
 - Reallocation HRA Working Balance (£1.592m)
 - Transfer to Waste Reserve £0.900m
 - Transfer to Redundancy Reserve £1.000m
 - Transfer to Pensions Reserve £0.850m
4. Cabinet approve the following budget carry forwards:
 - Schools Demolition Costs £0.300m
 - Procurement Contingency £0.400m
 - Americas Cup £0.100m
5. No departmental budget overspends be carried forward in 2010/11.
6. Cabinet note the adjusted deficit for the year of £0.105m and approve that that this be met by a transfer from the General Fund Working Balance.
7. Cabinet note the draft capital outturn for the year of £69.718m, after allowing for the transfer of expenditure totalling £0.318m to revenue.
8. The financing requirement of £69.718m be noted and Cabinet approve the borrowing requirement of £16.823m for 2010/11.
9. Cabinet approve variations, virements and reprofiling between years of the MTF, and seek approval from Council for the 5 year capital programme amended for new approvals, shown in Table 7.
10. Cabinet note the residual costs on the HRA for the year.
11. Cabinet note that the HRA was formally closed on 31 March 2011 and that the HRA Working Balance has transferred to the General Fund.
12. Cabinet note the position on the Treasury Management activities for the year and that a full report on the Council's performance against its borrowing and investment strategies, including the statutory performance indicators will be presented to Audit Committee on 27 June 2011 and Council on 25 July 2011.

13. Cabinet note the position regarding the Icelandic banks.

Alternative options considered and reasons for recommended action:

None- requirement to report back to Cabinet on the Council's financial and performance management for the year

Background papers:

- Plymouth City Council Corporate Plan 2010-14
- 2010/11 Budget Papers
- Plymouth City Council Medium Term Financial Strategy – revised October 2010
- Joint Finance and Monitoring report to 30 June 2010, reported to Cabinet 10 August 2010
- Joint Finance and Monitoring report to 30 September 2010, reported to Cabinet 16 November 2010
- Joint Finance and Monitoring report to 31 December 2010, reported to Cabinet 8 February 2011

Sign off:

Fin	MC 1112. 0005	Leg	TH00 17	HR	A Mills 27/05 /11	AM	CJT/0 74/27 0511	IT	N/A	Strat Proc	N/A
Originating SMT Member: Malcolm Coe, AD Finance, Assets & Efficiencies											

Plymouth City Council
Finance and Performance Monitoring – 2010/11
Provisional figures for the year ended 31 March 2011

I. Introduction

- 1.1 This report reviews the Council's performance for the year ended 31 March 2011 and is written in the context of the Medium Term Financial Strategy (MTFS).
- 1.2 The Budget report 2011/12 (Appendix A budget robustness) outlined a number of financial risks that the Council potentially faces over the short to medium term. It is therefore appropriate that as part of reporting the final position for 2010/11 further consideration is now given to future levels of the Working Balance and reserves and, as is normal practice at this time of year, the Director for Corporate Support, as the Council's Section 151 Officer, is recommending a number of adjustments to provisions and reserves within the report.
- 1.3 The financial information being presented today reflects the Council's management structure as at 31 March 2011 and shows the actual expenditure and income for the year by Directorates. The outturn figures will now feed into the Council's formal Statement of Accounts, which will include the balance sheet position. The annual accounts this year will be produced on an International Financial Reporting Basis (IFRS) for the first time. The change to IFRS has required a number of changes to accounting policies, some of which will have implications on the Council's level of provisions and reserves and further detail has been included in the report. In addition there are a number of both presentational and accounting entries that need to be made to the figures now reported and this work is currently ongoing, although there should be no overall impact on the Council's bottom line financial position. The Accounts and Audit Regulations have also been revised this year and the Director for Corporate Support, as the Council's Section 151 Officer, is required to formally approve the accounts by 30 June 2011. Previously the Regulations required formal approval of the accounts by the Audit Committee. The external auditor is required to audit the accounts by 30 September – the statutory deadline for publication, and the Audit Committee will be formally asked to approve the final accounts for the year following completion of the audit.
- 1.4 The performance data in this report presents the latest position based on information currently available. Some annual data is still being collected.
- 1.5 Although the Council transferred its Housing Stock on 20 November 2009, the Council has been required to keep its Housing Revenue Account (HRA) open pending formal approval to close the account by CLG. This approval was granted on 31 March 2011. A summary of the transactions made to the HRA during the year is included in Section C of the report. Closure of the account enables the residual HRA Working Balance to be transferred to the General Fund.
- 1.6 The Council is also required to produce an end of year report on its treasury management activities for the year, comparing these to the approved borrowing and investment strategies. This report is required to be scrutinised by Audit Committee and approved by Full Council. Section D of this report therefore provides Cabinet with an overview of the treasury management activities during the year which will form the basis of the formal strategy review.

1.7 This report includes the following information and Appendices:

Section A – Executive Summary

- Performance Position
- Revenue Position
- Income Summary
- Capital Programme 2010/11
- Medium Term Capital Programme
- VFM
- HR

Section B – Directorate reports

- Children’s Services
- Community Services
- Development
- Corporate Support
- Chief Executive
- Corporate items

Section C - Housing Revenue Account

Section D - Treasury Management

Section E – Concluding Remarks

Appendices:

Appendix A	Graphs- General Fund revenue monitoring comparison 2009/10 and 2010/11
Appendix B	Final revenue position for the year
Appendix C	Net spend per service
Appendix D	Trading Accounts
Appendix E	Reserves
Appendix F	Provisions
Appendix G	Capital Expenditure and Financing
Appendix H	Housing Revenue Account

Section A – Executive Summary

2. Performance Position

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

RAG rating key:

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

Key Departmental performance issues to note

2.2 Children’s Services

Key safeguarding measures are performing strongly due to focused management action. March performance for initial assessments was 94.7% against the annual target of 85%, whilst core assessments was 92% in March against the annual target of 80%.

Significant budget pressures remain in children’s social care relating to higher placement costs. Sixty children are currently placed in the independent foster care sector against budgeted placements of thirty nine.

The past year has seen significant improvements in educational attainment across early years foundation stage as well as a further narrowing of the gap for pupils achieving 5 A*-C (GCSE) in English and Maths. In response to the Secretary Of State's letter the Council has have created a plan to support and challenge underperforming schools.

2.3 Community Services

At 31% Self-directed support exceeded the year end target of 30%. Support for carers at 34.4% has also exceeded the year end target of 24%.

Two new libraries (Devonport and Estover) opened and Plymouth Life Centre is on schedule to be completed in November.

Action in the period to reduce waste and increase recycling included increased processing capacity; expansion of the garden waste scheme; expansion of recycling to some multi occupancy properties, and the introduction of new recycling schemes (e.g. low energy light bulbs and batteries) This increased the amount diverted from landfill (NII92) by 1.86%, leading to a year end recycling figure of 33.06% against a target of 36%.

The target to reduce serious acquisitive crime has been achieved (which includes vehicle crime and burglary). We also continue to perform well when compared to similar cities and are 2nd best in our family group for this crime. However, there has been an increase in levels of less serious violence (of 48 more crimes to a total of 2403) which means the reduction target has been narrowly missed to reduce the rate per 1000 population by 10.6% over 3 years.

2.4 Corporate Support

At 11.89 days corporate sickness figures are currently significantly above target for the year of 7 days. Increased reporting through Manager Online has contributed to more accurate reporting of sickness. HR staff are actively supporting managers to reduce sickness levels.

The National Non-Domestic Rates (NNDR) collection rate narrowly missed the annual target of 97.50% or £77.606m recording 97.30% or £77.443m. Council Tax collection has also slightly missed the end of year target. Cumulative collection at the end of March was 96.10% or £89.044m against a target of 96.50% or £89.453m a shortfall of £0.400m.

2.5 Development

The performance of planning applications significantly exceeded targets set for 2010/11. Timeliness of processing major planning applications achieved 77.2% against a target of 60%, whilst minor applications achieved 81.5% against a target of 65%

The £20m East End Transport Scheme continues to be delivered and is on schedule for completion in November 2011.

"The Waste PFI Project's two and a half year procurement phase was successfully concluded in March 2011. The procurement was completed ahead of the agreed programme and within budget, and the resultant contract is valued at £436m.

2.6 Chief Executive

Level 1, 2 and 3 indicators are now being finalised to monitor against Plymouth's shared priorities of Growth, Aspiration, Inequalities and Value for Communities. The indicators will be used to monitor performance from 2011/12 onwards.

18 Departmental Business Plans will be completed this month. This year the business plans provide the basis for a more consistent approach with greater links to the 4 priorities and clarity around performance, delivery and support required.

3. Revenue Position

- 3.1 Table 1, below, provides a summary of the Council's overall revenue expenditure, and compares the draft outturn with the latest approved budget.

Table 1

Fund	Latest Approved Budget £000	Final position for the year £000	Budget Variation for year £000	% variation
General Fund	201,825	201,930	105	0%
Trading Accounts	(2,461)	(1,998)	463	18.81%
HRA*	0	200	200	100%

NB Brackets () reflect a favourable variation

*Residual costs only- expenditure to be met from HRA Working Balance

- 3.2 The trading accounts fall within the Community Services and Development and Regeneration Directorates. A summary of all the trading accounts is provided at Appendix D.
- 3.3 Further details on the Housing Revenue Account (HRA) are given in Section C of the report, and Appendix H.

General Fund

- 3.4 The final position for 2010/11, subject to approval of the corporate health and other adjustments proposed in this report, is shown in Table 2 below. The final outturn indicates a net deficit of £0.105m or 0.05%. This will require a transfer from the Working Balance.

Table 2

Department	Latest Approved Budget £000	Draft Outturn £000	Corporate Health and other adjustments proposed £000	Final Outturn for year £000	Variation to budget £000
Children's Services	52,059	51,791			(268)
Community Services	111,050	112,405			1,355
Development & Regeneration Services	16,264	16,424			160
Corporate Support	31,820	31,309			(511)
Chief Executive	1,887	1,730			(157)
Corporate Items	(11,255)	(13,360)	1,631	(11,729)	(474)
Total	201,825	200,299	1,631	201,930	105

3.5 The individual Directors reports in section B give more detail of the reasons for the variations on their budgets with the main issues summarised below. A more detailed breakdown of the actual spend by service is included at Appendix C

3.5.1 Children's Services: Underspend (£0.268m)- change in period (£1.993m)

As previously reported, the department experienced pressure on its looked after children's budget due to increased numbers compared to budget and increased costs of transporting children with complex needs. The department was also allocated an additional savings target of £1.090m in June as part of the budget cuts following the Government's emergency budget. In the light of the forecast overspend for the year as reported in the last monitoring report a number of star chambers were held across the department in December and January with a clear objective of stopping or slowing down spend wherever possible whilst ensuring the safeguarding of children was not compromised. The favourable position in the final quarter is attributable to these star chamber actions, with savings on staffing, consultancy, subscriptions, printing postage etc being achieved, as well as a drive to maximise spend from grants wherever possible. In addition, a range of unforeseen events occurred in the final month of the year including, increased free school meal income, savings on wrap around packages in Integrated Disability Services, favourable changes to Youth Grants, improvements to care leaver and adoption savings.

Whilst many of these actions are one-off, Invest to save proposals have been accepted and will be implemented to address the underlying cost pressures in the Integrated Disability Service moving into future years, and the Diversion from Care Strategy continues to drive financial and service improvements moving into 2011/12.

3.5.2 Community Services: Overspend £1.355m – change in period £0.844m

The main reason for the overspend in community services was due to pressures in Learning Disability services relating to long stay residential services and supported living, and an increase in short stay residential and nursing care, both reported previously. The transformation agenda continues to shape the future of adult social care services in Plymouth. Negotiations with Health Colleagues, who themselves are undergoing significant change, is helping to drive improvements to financial stability which will be of particular benefit from 2011/12 and beyond. Additional resources allocated in the Comprehensive Spending Review to Health for Social Care will be used jointly to help transform health and social care services across the city, with reablement being a good example of this.

The December report assumed that a claim for tax refund in respect of landfill taxes would have been forthcoming before the end of the year. The claim has not yet been settled and is now expected to be received in 2011/12, thus impacting on the adverse movement in the final quarter. Increased costs previously forecast in environmental services due to the ageing fleet were offset by a partial reimbursement of service charges at Prince Rock depot recovered from PCH under an SLA, and a reduction in the forecast waste disposal costs due to a reduced volume of waste.

As per other departments, Community Services continued to slow down or stop non essential spend across the department where ever possible in order to minimise the overspend.

3.5.3 Development & Regeneration: Overspend £0.160m – change in period £0.049m

The forecast increased cost pressure of winter highway maintenance and car park income included in the December report was offset by a combination of savings within the transport service, which included concessionary fares.

However commercial rent activity has suffered due to a number of units becoming or remaining empty which not only results in loss of rental income, but increased cost pressures through business rate liability. Utilisation of grant funding in the strategic housing service, combined with other savings and efficiencies in transport and across the department as a whole have offset some of the impact for 2010/11 and there has been a focus on the letting strategy which will realise benefits from 2011/12.

3.5.4 Corporate Support: Underspend (£0.511m) – change in period (£0.471m)

A successful appeal to DWP against a housing subsidy potential reclaim contributed to the favourable outturn and the change in the period. In the light of the forecast overspend across the Council as reported in December, the department sought areas to generate savings and income. Initiatives included a refund from renegotiating IT licence costs together with a sale of surplus licences, a delay in the fibre installation due to accommodation moves and savings across the department in terms of vacancies. Increased costs of repair and maintenance of the corporate property estate were contained within the overall departmental budget, releasing the agreed budget top up of £0.650m to corporate items for reallocation.

3.5.5 Chief Executive: Underspend (£0.157m) – change in period (£0.116m)

Active management action to contain the spend in year across all budget lines led to a further improvement in the final position. In particular savings were achieved in the communications budget from the reduced spend on Plymouth People, together with savings in consultancy, agency and contracted spend.

3.5.6 Corporate Items: Underspend (£2.105m) - change in period (£1.801m)

In June 2010 the government announced a series of in year spending reductions for 2010/11 which, for Plymouth, amounted to £2.5m. The Council deliberately aimed to reduce spend by £4m at that point to reflect any further changes in funding or Government policy over the remainder of the 2010/11 financial year. Achieving this saving in year with ongoing savings into future years could also significantly assist the Council with the challenges presented by the Comprehensive Spending review in October 2010. Whilst this amount had been taken in to account in future years budgets, the additional £1.5m in year savings was held as a contingency in corporate items against non achievement of the extra savings by departments in 2010/11 with a view that it would be taken into account as part of the end of year review of reserves subject to the final outturn if not required. This has now been released. In addition, the corporate items budget contained increased budget provision for repair and maintenance costs of the corporate estate. These costs have been contained within the corporate support departmental budget as outlined above, also releasing this budget for reallocation.

Further savings were achieved by taking the pre unitary debt (Devon Debt) in house. These have been used against the residual costs of stock transfer in lieu of the approved transfer from the HRA Working Balance .

2010/11 Financial Health Review

- 3.6 The budget variation targets of no more than 1% overspend or 2% underspend remained in place for 2010/11 with the quarterly monitoring reports continuing to report individual departmental variances. The graphs at Appendix I track the full movement during the year both overall and by each Directorate. This has been supplemented this year by detailed departmental performance scorecards which brought together variations in both budget and performance with the narrative within the scorecards intended to provide a high level overview with a focus on explaining corrective action where required. The scorecards used a simple traffic light system to indicate performance overall. Although reporting has been on a quarterly basis, monthly scorecards were submitted to CMT and Cabinet Planning.
- 3.7 Whilst the final position for the year does show that the budget variation targets was exceeded in Community Services in terms of a budget overspend just above the target, this was more than offset by favourable variances in other areas as a result of specific management action to deliver a break even budget overall. Close monitoring of the budget enabled timely action to be implemented to bring the overall budget under control. The final variation at (0.8%) favourable remains well within the target set.
- 3.8 As part of consideration of the outturn position, and before officially 'closing the accounts', it is necessary to review the Council's overall financial health position, looking not only at the outturn position for the year, but reviewing the adequacy of reserves and provisions in the light of pressures identified over the short to medium term. Decisions made feed into the Council's statutory Statement of Accounts which is subject to external audit. The following transfers to provisions have already been reflected in the outturn figures.

Increase to Bad Debt Provision	£0.300m
Increase to Insurance Provision	£0.300m

The transfers have been met from the corporate items budget.

- 3.9 The Settlement announcement for 2011/12 has led to a significant reduction in Government grant going forward. Local authorities were also encouraged to implement a freeze on council tax. Whilst this had been expected, and plans were well underway to find budget savings, the front loading of grant reductions will increase the pressure on the budget over the next 2 years. Against this, the Council faces increasing spending pressures moving forward including an increase in the number of children in care and impact of the growing elderly population on adult social care budgets, waste disposal costs for the Council will significantly increase in the coming years, particularly in advance of the planned delivery of the waste to energy PFI scheme. Demand for Housing Benefits and personal finance advice has also significantly increased over the last 18 months, directly linked to the economic situation.
- 3.10 In light of the above, and as an integral part of the financial health review the Director for Corporate Support and Corporate Management Team (CMT) are recommending the following transfers to/from provisions and reserves:

3.10.1 Transfer from Provision (£0.327m)

The balance sheet currently contains a provision of £0.327m relating to grant paid over the Authority from Devon County Council as part of the Unitary status transfers to be used for schools bursaries and awards. There has been no movement on the provision for a number of years and no evidence has been found to support any ongoing liability. It is recommended that the balance on the account is reallocated as part of the corporate health review.

3.10.2 Transfers to/from Reserves

a. HRA Working Balance (£1.592m)

The approved budget for 2010/11 assumed the HRA would be closed during the year and the residual Working Balance would be used to reduce the ongoing residual costs to general fund following the stock transfer. These costs have now been met from savings within the corporate items budget, leaving the working balance available for re-allocation. After taking into account costs incurred on the HRA during the year, the actual working balance available at year end was £1.592m.

b. Transfer to Waste Reserve- £0.900m

Significant progress has been made in developing the long term waste solution for the city and a waste to energy plant is being developed through the Devon Waste Partnership, with Torbay and Devon County Councils. The long term costs and income associated with this plant will be built in to the revised Medium Term Financial Strategy (MTFS) which will be presented to Cabinet in June 2011.

The waste to energy plant is scheduled to be operational, (subject to planning etc), in 2014. Until then there remains a significant shortfall in funding for waste disposal due to escalating landfill taxes and increased charges for the interim solution of disposing waste in Cornwall. The medium term financial pressure has been identified and reported for some time, and a 'waste management reserve' has been created to plan for the shortfall. It is proposed that a further transfer of £0.900m is made to the reserve in 10/11 increasing the reserve to £2.4m which should provide sufficient additional revenue resources to meet the costs of waste disposal pending the completion of the waste to energy plant.

c. Transfer to Redundancy Reserve £1m

As previously reported the Council has to reduce its workforce but is committed to minimising redundancies.

However, whilst proactive action is being taken to minimise costs wherever possible, including the introduction of the Voluntary Release Scheme, it is prudent to allocate an additional £1m into the redundancy reserve. This will increase the balance on the reserve to £2.6m.

d. Transfer to Pension Reserve £0.850m

The Council has recently received the results of the triennial valuation. Whilst the actuary is recommending the contribution rate remains at the current rate of 19.4% for the next 3 years, this is on the understanding that contributions into the pension fund over the next 3 years are at least £59.2m. Any shortfall in contributions is required to be topped up by a one off lump sum. The planned reductions in the workforce, together with outsourcing of services and transfers to Academies, mean it is highly likely a top up will be required in 2013/14. It is therefore proposed that a contribution of £0.850m is made to the pensions reserve bringing the balance on the reserve to £1.1m, with further top ups considered in future years as the actual annual payments into the fund become known.

- 3.11 In addition to the transfers outlined above, Cabinet are asked to earmark the following:

e. Schools demolition £0.300m

The Council is currently incurring ongoing security and repair costs for the vacated Southway and Hooe primary schools. These schools are also posing a potential health and safety risk. There is currently no budget provision for the demolition costs which are forecast to be a maximum of £0.300m. Demolishing the schools would remove pressure from the ongoing revenue costs as well as potentially increase the land value when it is released for disposal. It is therefore proposed that the £0.300m be set aside to address these issues.

f. Procurement £0.400m

The 2011/12 budget delivery plans include a total of £1.231m as an agreed savings target against the Procurement P2P project, which includes an additional £0.381m brought forward from future years as part of the final budget savings target required following the front loading of the Government Grant reduction. Whilst work is ongoing to deliver the full savings, the achievement of the additional target will clearly be challenging and reliant on all departments to deliver. In addition, focus is now on a further procurement project, Category Management, which is also expected to deliver substantial savings across the authority and it is possible that some expected savings will not be realised until the new project is fully operational. It is therefore proposed that £0.400m be earmarked as a contingency to cover any shortfall in the savings in 2011/12. Clearly if the savings are achieved in full, or indeed exceeded, this contingency can be released to the benefit of all departments.

g. Americas Cup £0.100m

The City has a major opportunity during Sept 2011 to showcase its ability to be a vibrant waterfront city, when the prestigious America's Cup sailing competition is staged in Plymouth. It is recommended an additional allocation of £0.100m is provided to cover potential costs related to the event.

- 3.12 Approval of the above would result in a net deficit for the year of £0.105m as shown below:

	£000	£000
Net Surplus (as per Table 2)		(1,526)
Transfers to/(from) provisions:		
Grants provision	(327)	
Transfers to/(from) Reserves:		
HRA working Balance	(1,592)	
Waste Reserve	900	
Redundancy Reserve	1,000	
Pensions Reserve	<u>850</u>	
		831
Provision for 11/12 budget pressures		
Schools demolitions	300	
Procurement	400	
Americas Cup	<u>100</u>	
		<u>800</u>
Final Deficit for the year to be met from Working Balance		<u>105</u>

- 3.13 A revised position for the year, assuming all of the above were to be approved, is shown at Appendix B.

Reserves and Provisions at 31 March 2011

- 3.14 The Council is required to prepare its statutory accounts on an International Financial Reporting (IFRS) basis from 1 April 2010. This has led to a change in accounting practice in the treatment of grants and contributions, and a reclassification of a number of existing reserves and provisions on the balance sheet. This section highlights the main changes and requests approval for new reserves and provisions as appropriate.
- 3.15 Working Balance

Approval of the actions outlined above would leave a Working Balance at 31 March 2011 of £11.412m. Transfers to and from the Working Balance during the year were as follows:

	£000
Working Balance at start of year	11,517
Budgeted contribution to Working Balance 2010/11	<u>250</u>
	11,767
Less: Budgeted/approved transfers from Working Balance 2010/11- CDC contribution	<u>(250)</u>
Working Balance prior to year end adjustments	11,517
Revised outturn position 2010/11	<u>105</u>
Working Balance at 31 March 11	<u>11,412</u>

A working balance of £11.412m equates to approximately 5.5% of the net revenue budget for 2011/12 and remains in line with the approved Medium Term Financial Strategy (MTFS) which is to maintain a Working Balance of at least 5%.

3.16 Earmarked Reserves

- 3.16.1 In addition to the Working Balance, the Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans. Assuming the corporate health adjustments outlined above are approved, the Council's earmarked reserves will stand at £32.192m at 31 March 2011. This includes schools balances and reserves of £7.240m.
- 3.16.2 These figures are subject to change as the final statement of accounts is produced over the next few weeks but any changes should be minimal. Appendix E shows the provisional movement in the reserves over the year, together with the main purpose of the reserve.
- 3.16.3 Cabinet's attention is drawn to the changes in accounting for grants and contributions as a result of the move to IFRS, which now require all grants to be credited to revenue when received unless they have an outstanding condition that could result in grant payback to the awarding body. This is a change from previous years, where the accounting regulations required grant income to be matched with actual spend, and resulted in unspent grants being carried forward via the end of year creditor accrual process. There would clearly be implications on departmental budgets from year to year if income is not matched to spend. However supplementary accounting guidance recommends that this is addressed by transferring any unused but committed grant to an earmarked reserve at year end, subject of course to local member approval. A transfer back from the reserve would then be made in future years as the spend is incurred. A sum of £3.071m has been transferred to the grants reserve in 2010/11.
- 3.16.4 Financial Regulations require Cabinet approval for any new reserves and this may be sought as part of the budget, monitoring or outturn reports, or as part of specific service reports during the year. In addition there has been a reclassification of a number of balances held on the balance sheet. Cabinet are therefore asked to approve the following new reserves in year, including the grants carry forward reserve outlined above:
- Grants carry forward reserve
 - CDC legacy Reserve- to continue the activities previously provided by the Company including branding of the City as part of Positively Plymouth. The reserve includes funds provided by RDA and HCA.
 - Stock transfer ex -gratia gas servicing payments- reclassification from provision
 - Trapeze real time passenger information- reclassification from a capital grant to a revenue reserve
 - Schools libraries – monies paid in advance by schools for the purchase of new books – previously held as a stock account
 - Proceeds of Crime Act – monies recovered as a result of action taken by trading standards required to be ringfenced for future preventative initiatives

3.17 Schools Balances

At the end of the year there was a total of £5.540m unspent monies against schools' delegated budgets, plus £1.700m in grants giving a total balance of £7.240m. The equivalent sum at 31 March 2010 was £8.177m. The main reasons why schools hold balances are: anticipation of future budget pressures usually arising from pupil number variations; to fund specific projects such as building works and IT; and to provide for the balance of Government grants paid during the financial year (April–March) which cover expenditure occurring across the academic year (September – August).

A capping policy is in place to enable balances in excess of the allowable proportion to be clawed back and potentially redistributed/used for other schools related purposes. The allowable proportion is 8% of delegated budget for Primary and Special Schools and 5% for Secondary Schools, which reflects national guidelines. Schools complete a proforma confirming their reasons for their balance and the position is reported to the Schools Forum during June.

3.18 Provisions

- 3.18.1 The Council has a number of budget provisions set up to meet known liabilities. Provisions are compulsory and required to comply with accounting standards. The balance on the provisions at year end together with movement in the year is outlined in Appendix F.
- 3.18.2 Under IFRS there is a new requirement to account for employee benefits when these become 'reasonably certain that they will be paid', rather than when the benefit is actually paid. A charge has therefore been made to the revenue account at year end for staff who have been issued with redundancy notice but who have not yet left the authority, with an equivalent amount carried on the balance sheet as a provision.
- 3.18.3 The Council also carries a provision for backdated equal pay claims as required under accounting standards. The Council was awarded a Capitalisation Direction towards these costs in 2007/08 and continues to carry a sum of £1.4m on the balance sheet pending tribunal hearings. Further claims have been received since 2008/09 and are also carried on the balance sheet as a provision pending hearings. However, under Regulations issued by CLG Local Authorities are not required to account for any liability until payments are actually incurred. An equivalent amount is therefore carried as a 'negative' capital reserve. Any claims settled will therefore result in a cost and pressure to the revenue budget.
- 3.18.4 A new provision has been set up in year relating to prepaid housing rents retained by the authority on stock transfer. Former tenants continue to have a claim against the Council for refund of these amounts. These amounts were previously carried on the balance sheet as a general creditor.

3.19 Contingent Liabilities

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

- Municipal Mutual Insurance Ltd- Scheme of Arrangement- the company experienced trading difficulties and is working towards a 'solvent run off' until all outstanding claims settled, but there is a potential clawback arrangement if the company becomes insolvent, whereby the creditors would be required to pay a proportion of the claims paid. These claims totalled £1.292m at 31 March 11.
- PLUSS Organisation Ltd – the Council has guaranteed payments into the pensions fund for transferred employees, has also provided a loan of £0.235m and jointly agreed a bank overdraft facility with Torbay and Devon County Council.
- Single status equal pay claims- the Council has a number of claims currently subject to a tribunal hearing. However depending on the ruling of the tribunal, it is possible that further claims may be submitted.
- Civic centre – a contingent liability disclosed whilst the future of the building remains subject to uncertainty.
- Connexions (Careers South West) – the Council has guaranteed to meet an element of pension liabilities should the organisation be wound up.
- PCH –As part of the stock transfer the council was required to provide a number of warranties to the funders of Plymouth Community Homes
- Contaminated land – the council is required to identify potentially contaminated land and may be required to implement remediation works.
- Local land charges – there may be retrospective claims in respect of charges levied by the council prior to a change in legislation which now removes the ability to charge for environmental information relating to commercial transactions.
- Treasury Management – Potential investment losses.

3.19.2 All liabilities are kept under review. Where it is likely that a payment will be required, funding will be set aside, usually via a provision or an earmarked reserve. There are no outstanding claims against the Council for the items listed above that have not been provided for elsewhere. It is likely that a number of these liabilities will be removed from the final Statement of Accounts for 2010/11.

Recommendations:

1. Cabinet note the provisional Outturn Position for the year.
2. Cabinet note the additional transfers to provisions reflected in the outturn figures as required in accordance with statutory provisions:
 - Bad debt provisions £0.300m
 - Insurance provisions £0.300m
3. The Section 151 Officer recommended adjustments to reserves and provisions be approved as follows:
 - Reallocation of grants provision (£0.327m)
 - Reallocation HRA Working Balance (£1.592m)
 - Transfer to Waste Reserve £0.900m
 - Transfer to Redundancy Reserve £1.000m
 - Transfer to Pensions Reserve £0.850m
4. Cabinet approve that the remaining surplus be earmarked to meet the following:
 - Schools Demolition Costs £0.300m
 - Procurement Contingency £0.400m
 - Americas Cup £0.100m
5. No departmental budget overspends be carried forward in 2010/11.
6. Cabinet note the adjusted deficit for the year of £0.105m and approve that that this be met by a transfer from the General Fund Working Balance.

4. Income Summary

Table 3

Type of debt	Actual % 2008/09	Actual % 2009/10	Actual % 2010/11	AE Quartile	Budgeted income 2010/11	Year end income 2010/11
Council Tax	94.2%	95.2%	96.1%	4	£89.5m	£89.0m
NNDR	96.7%	96.0%	97.3%	2	£77.4m	£77.4m
Housing Rents	96.4%	N/A	N/A	n/a	N/A	N/A
Sundry Debt [^]	86.9%	88.0%	92.5%	n/a	£60.0m#	£60.0m#
<i>Commercial Rent (general fund)</i>	80.8%	85.0%	93.0%	n/a	£5.0m#	£5.0m#
<i>Trade Waste</i>	87.5%	92.0%	95.6%	n/a	£1.2m#	£1.2m#
<i>Adult Residential Care</i>	90.3%	92.0%	93.8%	n/a	£9.0m#	£9.0m#

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

* Proposed targets

** All payments made up-front, hence 100% collection anticipated

4.1 Local Taxation

Council Tax –Target 96.5% / Actual 96.1%

In year collection (Apr–Mar 11) was 96.1%. £89.0m collected against the target of 96.5% £89.5m. Although we slightly missed the end of year target, this still represents an improvement against last year's result..

NNDR - Target 97.5% / Actual 97.3%

In year collection (Apr–Mar 11) was 97.3%. £77.4m collected against the target of 97.5% £77.4m. Given the current economic climate this is a very positive result

4.2 Sundry Debt collection – Target 92.5% / Actual 92.5%

Target for 10/11 (92.5%) was achieved resulting in the collection of £56.4m against £61m raised. A more proactive approach to recovery by way of targeting specific customer accounts has improved collection across the Council. Changes to recovery routes and implementing more efficient processes have reduced recovery costs and increased collection.

Key areas

4.2.1 Adult residential and non residential care - Target 94.0% / Actual 93.8%

Target for 10/11 (94%) with 93.8% being achieved. The collection rate has been effectively maintained over the 12 month period by ensuring financial assessment requests are addressed at the earliest possible opportunity which results in the customer being invoiced earlier. Arrears are addressed early and appointeeship applied for to ensure benefits are received direct by the Council.

4.2.2 Commercial Rent - Target 90.0% / Actual 93%

Target for 10/11 (90%) was exceeded with 93% being achieved. Since September 2010 the responsibility for the collection of this area of debt moved from Commercial Property to Value for Money & Efficiencies to ensure consistency in the recovery process and consolidate debt wherever possible. It is envisaged that further improvements in collection will be made in this area.

4.2.3 Trade Waste - Target 94.0% / Actual 95.6%

Target for 10/11 (94%) was exceeded with 95.6% being achieved. A new initiative was introduced that involved invoicing customers a month in advance of the invoice due date. This resulted in advance payment for the service or the potential for service provision to be removed. Payments can now be received as much as 30 days earlier thereby reducing costs of recovery and improving the Council's cashflow.

5. Capital Outturn

Capital Expenditure

5.1 The Council achieved capital spend of £70.036m for the year compared to a revised approved programme of £77.457m which equates to 90% of expenditure against approved budget. A summary of the outturn position across each Directorate is shown in table 4 below. A more detailed summary, including the proposed financing of the programme, is attached at Appendix G with reasons for the variances outlined within the Directors reports.

Table 4 – Capital Outturn 2010/11

Directorates	Budget Report Jan 11	Movement in Period			2010/11 Outturn	Outturn as % of Budget Report
		New Approvals (see 6.5 below)	Further Reprofiting / Slippage	Variations		
	£000	£000	£000	£000	£000	
Children's Services	30,759	2	(2,360)	445	28,846	94%
Community Services	20,212	831	(2,506)	120	18,657	92%
Corporate Support	2,658	0	(1,180)	6	1,484	56%
Development	23,828	0	(2,795)	16	21,049	88%
Total	77,457	833	(8,841)	587	70,036	90%
Less Transfer to revenue (see 6.4 below)					(318)	
Adjusted Total for Year					69,718	

5.2 The major variations, over £0.100m, are as follows:

£000	Variations
126	<u>St Aubyns Devonport Library</u> - The project suffered from two significant delays, namely the resolution of the leasing arrangements and the discovery of a series of historic murals. The former prevented the commencement of the major construction works and limited the contractor to certain repair works which caused additional preliminaries to be expended. The latter significantly delayed the main progress of the works by approximately 6 months while a way forward was agreed with English Heritage and the Conservation Officer.
366	Additional School Contributions to Devolved Capital and Harnessing Technology (from School Revenue or Contributions)
171	<u>Capital Projects at St Boniface School</u> – Previously recorded within school revenue.
128	<u>All Saints Academy Improvement Works</u> – New Grant funded project managed by school.
(119)	<u>Completed Project Savings</u> - Savings Achieved in completed projects (Holy Cross, 14-19 Programme, Extended Schools, Mayflower, Stoke Damerel)

5.3 Strict criteria are applied to expenditure that may be classified as capital and met from capital resources. During the initial work to produce the Council's statutory balance sheet for 2010/11 accounts, Officers have identified areas where expenditure does not meet this criteria and as such this expenditure will need to be removed from the capital programme and shown within the Council's revenue budget. However in order to ensure this does not increase the pressure on revenue outturn as shown above, Officers will make an equivalent adjustment to revenue contributions to capital or adjust via the transfer of capital grants to revenue subject to grant conditions.

Recommendations:

7. Cabinet note the draft capital outturn for the year of £69.718m, after allowing for the transfer of expenditure totalling £0.318m to revenue..

Capital Financing

5.4 The total amount required to be financed in 2010/11 is £69.718m.

5.5 Table 5 below shows the final financing position after allowing for these corporate adjustments:

Table 5 – Financing of 2010/11 Capital Programme

Method of Financing	£'000
Supported Borrowing (SCP)	7,638
Supported Borrowing (SPE)	91
Unsupported Borrowing	9,094
Total Borrowing	16,823
Capital Receipts	2,814
Grants	46,379
Contributions (inc funds)	1,608
Section 106	689
Direct Revenue Financing (including MRA)	1,405
Sub-Total Other Financing	52,895
Total Capital Financing	69,718

The capital programme for 2010/11 has been fully financed.

Recommendations:

8. The financing requirement of £69.718m be noted and Cabinet approve the borrowing requirement of £16.823m for 2010/11.

6. Medium Term Capital Programme

- 6.1 The Council has reviewed and updated its five year capital programme considering the current economic climate, accounting for future risks around government capital allocations and achievability of capital receipts. The Council still have an ambitious and significant investment programme in physical assets and local infrastructure. Targeted capital investment will help contribute towards achieving corporate priorities and / or generate on-going revenue savings.
- 6.2 The Council maintains 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 4 Corporate Priorities.
- 6.3 Due to the current economic climate, 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 revised programme for the period 2010/11 to 2014/15 of £192.635m was approved by Full Council on 28 February 2011 as follows:

Table 6 – Capital Budget Approved at 28 Feb 11 Full Council

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Children's Services	30,759	33,412	10,211	0	0	74,382
Community & Neighbourhood	20,212	24,007	2,331	0	0	46,550
Corporate Support	2,658	6,987	560	500	0	10,705
Development & Regeneration	23,828	20,795	5,386	5,160	5,829	60,998
	77,457	85,201	18,488	5,660	5,829	192,635

Please note: The Children's 2011/12 programme includes £19.134m spend for the two Academies that have been set up.

6.5 At that time, the funding of the programme was expected to be as follows:

	£000
Capital Grants	114,175
Supported Borrowing	8,167
Unsupported Borrowing	28,864
Capital Receipts	26,820
Section 106	9,442
Revenue & Funds	1,841
Contributions	3,326
Total Funding	192,635

6.6 The Council remains 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).

6.7 Since the previous Approved Budget (taken to Full Council 11 April 2011) there have been various changes to the Medium Term Capital Programme. The detail of the changes are shown in Appendix G, however, a summary of the changes are shown below in table 7:

Table 7 – Changes to Approved Budget

	2011/12	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000	£000
Capital Budget Approved at Full Council Feb 2011	85,201	18,488	5,660	5,829	115,178
Additional Schemes Approved at Full Council April 2011	4,174	1,114	677	337	6,302
Capital Budget Approved at Full Council April 2011	89,375	19,602	6,337	6,166	121,480
	0	0	0	0	
Impact of Closedown 2010/11 – Year End Reprofilng	8,841	0	0	0	8,841
Changes to Variations, Virements and Reprofilng (see appendix G)	(2502)	2,345	448	0	291
New Approvals (see below)	1,597	0	1,021	0	2,618
	0	0	0	0	
Revised Capital MTFE to be Approved	97,311	21,947	7,806	6,166	133,230

6.8 The schemes that need approval, included in table 7 above, are as follows:

Scheme	£000
<u>Public Transport initiative 1</u> - Local Road Network, Park and Ride & Parking asset management. This project will be financed from the enforcement of the chattels Mortgage from the original Dft grant conditions (relating to the purchase of 6 buses for the George Junction Park and Ride), which required First to pay this sum if retaining the buses	200
<u>Public Transport initiative 2</u> - Management of the interface between Plymouth's local and strategic road network. This project will be financed from the enforcement of the chattels Mortgage from the original Dft grant conditions (relating to the purchase of 6 buses for the George Junction Park and Ride), which required First Bus Company to repay this sum if retaining the buses	461
<u>Horsham & Staddiscombe Sports Improvements</u> - Fully S106 funded. PCC Land. Works involve improving playing pitches and extending car parks	130
<u>Transport Minor Infrastructure Works</u> – These projects will be funded from S106 monies.	88
<u>Children's Basic Need</u> – Additional S106 funding	535
<u>Children's Basic Need</u> – Phase 1 year 3 projects	1,021
<u>Stoke Damerel</u> - Changing Rooms & Car Park	91
<u>Ford Primary</u> – Works to classrooms & hall	32
<u>Stuart Road</u> – Fire Escape Works	60
Total New Schemes for Approval	2,618

Recommendations:

9. Cabinet approve variations, virements and reprofiling between years of the MTFF, and seek approval from Council for the 5 year capital programme amended for new approvals, shown in Table 7.

Table 8 – Summary of Capital Outturn & Revised Budget to be Approved by Full Council

	2010/11 Outturn £000	2011/12 Revised £000	2012/13 Revised £000	2013/14 Revised £000	2014/15 Revised £000	Total £000
Children's Services	28,774	37,275	10,211	1,021	0	77,281
Community & Neighbourhood	18,657	26,932	1,746	177	337	47,849
Corporate Support	1,241	10,274	1,568	1,000	0	14,083
Development & Regeneration	21,046	22,830	8,422	5,608	5,829	63,735
	69,718	97,311	21,947	7,806	6,166	202,948

6.9 The funding of the programme will be as follows:

	£000
Capital Grants	118,483
Supported Borrowing	8,053
Unsupported Borrowing	30,105
Capital Receipts	27,142
Section 106	10,809
Contributions, Revenue & Funds	8,356
Total Funding	202,948

6.10 Significant schemes programmed to be delivered by 2014 include:

£m	
38.8	State of the art new college at Estover
15.1	Improving Schools in the Southern Way Federation
20.8	East End Transport Improvement Scheme
4.6	Bringing Devonport People's Park 'back to life'
46.5	Plymouth Life Centre – the biggest investment in leisure facilities in Plymouth ever

7. VFM Statement

7.1 Measuring and reporting Value for Money gains

Achieving Value for Money remains a key issue for the Council. Improvement activity will focus on achieving outcomes under the following headings:

- Driving value for money through more effective support services
- Driving value for money from improving our core services to customers
- Ensuring that our key resources of finance, capital, ICT, assets and people are better aligned to our priorities

The internal reporting of efficiencies has continued to improve through a monitoring programme which is focused on benefit delivery through the Budget Delivery Plans for each Directorate. It is recognised that benefit realisation needs to be monitored not only during the implementation period but also through the initial years of the plans, thus ensuring that return on investment is maximized, recognized and effected. The VFM team is presently looking at how to embed ownership of benefit realization across the Council through training and improved management information.

Four key priorities have been identified for both the Council and City-wide; one of the priorities is to Provide Value for Communities. The VFM team will lead on this priority across the Council and ensure that departments and, when appropriate, partners work together to maximise resources to benefit customers and make internal efficiencies. Success of this strand of work will be measured through monitoring the perception of the community as to whether they receive VFM from the services that they receive.

7.2 VFM Programme

The VFM programme of major projects is continuing to identify considerable efficiencies being made by departments and through cross-Council working. These include:

Procure 2 Pay

This project aims to deliver better control of expenditure across the Authority through development of a more efficient and effective purchasing process. There are 4 dedicated buyers now in place and the work carried out in Corporate Resources has already delivered tangible savings (£60k 2010/11) in the ordering of non-catalogue items. This project continues to build momentum and will build on these savings across all directorates in the Authority.

Children's Social Care – Residential Care

Significant progress has been made on reducing the use of residential care in the last year. This has been achieved by a full review of all young people in residential settings and plans being initiated and monitored to ensure they are moved when appropriate to fostering or alternative provision. In 2010/11 the actions taken resulted in a reduction on the Independent Sector budget of £898k.

8. HR Summary

8.1 HR indicators have been introduced and details are now included on the departmental score cards

8.2 At the end of the year there are;

- 3671.6 FTE employees against the budgeted establishment of 4606.1 FTE positions. There has been an annual reduction of 256 FTE employees and 847.29 FTE positions.
- The monthly salary bill is approximately £9,267k (including on costs), and the monthly agency spend is approx. £446K. This makes agency spend 4.6% of the monthly wage bill which is within tolerances set by the Council for agency spend.

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

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

8.4 Redundancies:

- During the financial year 2010/11, 43 staff were made redundant, of which 25 had received a redundancy payment, with the total paid being £343,255, of which £165,944 is in respect of pension strain payments payable to the pension fund. In accordance with IFRS accounting requirements the revenue account has been charged with a further £177,553 relating to potential redundancy costs for staff that had received a redundancy notice but had not left the Authority by 31 March 2011. The costs have been met from the redundancy reserve.
- This figure includes the cost for the closure of Devonport Regeneration Company Partnership (DRCP). Statutory redundancy costs will be recharged to the programme and met from NDC grant.

8.5 Voluntary Release Scheme:

The Voluntary Release scheme is an initiative to reduce the size of the workforce, increasing 'Value for Communities' and avoiding redundancies. To date number of Expressions of Interest stands at 128.

SECTION B- DEPARTMENTAL PERFORMANCE & FINANCE REPORT

9. Children's Services





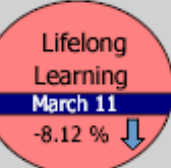

9.1 Children's Services Departmental – Actual position (£0.266m) Underspend





Children's Services net spend of £51.793m represents a 0.5% underspend when compared to the final net budget of £52.059m.

Further explanation is reported in the scorecard.

Children & Young People Services Quarterly Budget & Performance Report

1/2

Monthly Service Budget	Performance	Comments
 <p>Social Care March 11 4.06 % ↓</p>	 <p>Social Care →</p>	<p>Responsible Officer: Mairead MacNeil</p> <p>The 4th quarter year end forecast overspend is £1.109m and represents an improved position of (£0.640m) from the previous quarter. This is mainly due to reduced placements and placement costs, notably in the 16+ service. There were also fewer children in care (382 reduced from 397) due to focused effort on diversion from care and on permanency. The number of children with child protection plans has reduced to an all year low of 301 and the number of C&YP placed in residential care remains steady at 15 as does the 60 C&YP in Independent Sector Foster care. (Budgeted 14 and 39 places respectively). Improved performance, particularly initial and core assessment completion within timescales continues to be sustained and cumulative 4th quarter performance is at 71% and 73% respectively. Overall, caseloads and budget pressures within Children’s Social Care are under weekly scrutiny and a reducing trend is being facilitated through effective caseload management. This will have a resounding impact on Children’s Social Care ensuring that quality and performance improvements continue. Planning/reshaping of Children’s Social Care is underway to ensure optimum service delivery in 2011/12.</p>
 <p>Performance & Policy March 11 -14.67 % ↓</p>	 <p>Commissioning Policy and Performance →</p>	<p>Responsible Officer: Claire Oatway</p> <p>The 4th Quarter forecast reports a favourable variation of (£0.454m) and a (£0.111m) improvement from the previous quarter. This is directly attributable to ceasing of all non essential spend, detailed monitoring, the achievement of delivery plans and the drive to achieve departmental savings. The latest official data reports that the rate of Teenage conceptions has dropped from 48.6 (2008) to 44.3 (2009). We report the lowest ever number of conceptions at 194 and we are the best performing partnership when compared to our statistical neighbours.</p>
 <p>Lifelong Learning March 11 -8.12 % ↓</p>	 <p>Lifelong Learning →</p>	<p>Responsible Officer: Colin Moore</p> <p>The 4th Quarter reports a favourable variation of (£1.092m) which results from the achievement of delivery plans and the drive to achieve departmental savings, through detailed monitoring, stopping all non-essential expenditure, and the maximisation of Grant funding. The favourable variation was enhanced by the removal of ringfencing on specific grant funding together with the requirement to repay unspent grant to national bodies.</p> <p>Overall performance compares favourably with national and statistical neighbours. The past year has seen significant improvements in achievement across early years foundation stage as well as a further narrowing of the gap for pupils achieving 5 A*-C (GCSE) in English and Maths. In response to the Secretary Of State's letter we have created a Local Authority plan to support and challenge underperforming schools. This will result in the drawing together of limited resources to target improvements in those schools below or at risk of being below the escalating floor standards.</p>

Monthly Service Budget Performance	Comments
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Learner & Family Support March 11 -4.40 % ↓</p> </div> <div style="text-align: center;">  <p>Learner & Family Support →</p> </div> </div>	<p style="text-align: right;">2/2</p> <p>Responsible Officer: Maggie Carter</p> <p>The latest 4th quarter forecast reports a favourable variation of (£0.376m) The improved position is a direct result of managed efficiency measures to support departmental savings, detailed monitoring, stopping all non-essential expenditure and the maximisation of grants and changes to care package requirements.</p> <p>Although the efficiency measures have led to a favourable overall position, there remains a specific pressure within SEN Transport. Policy changes are proposed to remove all concessionary fares in 2011/12 and a realistic budget for our statutory requirement to provide SEN transport has been set for 2011/12.</p> <p>Overall, performance has improved and this is due to focused work in key areas and successful delivery of actions plans. There are no RED rated performance measures. Year end performance is positively reflected in the overall number of green rated measures.</p>
<div style="text-align: center;">  <p>Schools</p> </div>	<p>The Council receives funding for schools through the Dedicated Schools Grant (DSG) which funds expenditure either directly through the Individual Schools Budget (ISB) or incurred by the Council on behalf of schools. Any over or underspends on the DSG are carried forward. The ISB element has been distributed in accordance with the schools funding formula and the overall DSG has been approved by the Schools Forum. The schools budget for 2010/11 was set at £140.037m (estimated DSG of £141.139m after academy recoupment plus £0.350m brought forward from 2011/12 budget less £1.452m deficit brought forward from 2009/10). The final DSG was announced as £141.208m, providing an additional £0.069m. A DSG deficit of £0.216m has been carried forward to 2011/12.</p>
<div style="text-align: center;">  <p>Funded Programmes March 11 0.00 % →</p> </div>	<p>No variation</p>
<p>Human Resources</p> <div style="border: 1px solid black; padding: 5px; background-color: #f4a460; display: inline-block;"> <p>Children's Services Corporate HR reporting</p> </div>	<p>Establishment shows 1201.8 FTE against a budgeted establishment of 1576.6 FTE , a decrease of 2.3 FTE employees and an increase of 20.5 FTE positions from the previous month.</p> <p>Agency Spend was 0.24% of the monthly wage bill, a decrease of 0.05% from last month.</p> <p>Sickness levels are 10.36 working days per FTE for this financial year to date (April 2010 – February 2011) and 11.45 working days per FTE for the last rolling 12 months, a slight decrease of 0.14 days FTE over the rolling 12 months.– the Council has a target of 7 working days per FTE. The council wide sickness statistics excluding schools staff are 11.89 days per FTE for this financial year to date and 13.11 days per FTE for the last rolling 12 months</p>

9.2 Key Issues faced over the Medium Term

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






10. Community Services






10.1 Community Services Departmental – Actual position £1.353m overspend

The net year end position for Community is £112.405m against a revised budget of £111.051m. This presents a year end overspend of £1.354 or 1.22%.

Further explanation is reported in the scorecard.

Community Services Quarterly Budget & Performance Report

Monthly Budget	Performance	Comment
		<p>Safer Communities - Responsible AD: Pete Aley</p> <p>At year end there was an underspend of £0.165m, a variance of £0.085m from the £0.080m underspend reported at end of quarter 3, this was due to additional vacancy savings being achieved from January and lower commissioning spend.</p> <p>Overall crime levels in Plymouth remain low compared to similar cities.</p> <p>Violent crime levels have remained steady up to the end of March 2011. 2010/11 saw 34 fewer recorded violent crimes compared to 2009/10. This includes a reduction in levels of 'serious violence' (of 82 fewer crimes to a total of 280), but there has been an increase in levels of less serious violence (of 48 more crimes to a total of 2403) which means we have narrowly missed our reduction target, to reduce the rate per 1000 population by 10.6% over 3 years. We are currently best for levels of serious violence when compared to our family group of 15 similar cities, but not performing so well on less serious violence. We continue to work with the police and other partners, focusing on prevention, early intervention and enforcement.</p> <p>We have achieved our target to reduce serious acquisitive crime (which includes vehicle crime and burglary), to reduce the rate per 1000 population by 6% over 3 years. We also continue to perform well when compared to similar cities and are 2nd best in our family group for this crime</p>
		<p>Environmental Services - Responsible AD: Jayne Donovan</p> <p>Environmental Services have achieved a £0.217m underspend, an adverse change in the quarter of £0.290m. The change is due to the removal of the estimate of £0.900m refund of Landfill Tax as this has now been submitted by KPMG with a potential maximum value of £0.395m. Although the success of this claim is reasonably certain the income cannot be included in the accounts for 2010/11 under accounting regulations. Also in the period stocktaking revealed higher than usual stocks of equipment and fuel and resulted in a credit of £0.120m. The valuation of landfill allowance permits was published in April with an average value of £12.50 whereas the previous latest trading price was only 50p so the value of permits held did not require as high a write off to revenue, a benefit of £0.188m. There was also recognition from Asset management that charges for the use of Prince Rock Depot should be reviewed and consequently the recalculation has delivered savings to the service of £0.241m. There was also a refund of vehicle insurance related to housing stock transfer of £0.036A departmental pressure of £0.465m early in the year was balanced in 2011/12 through a variety of actions achieving total savings of £0.448m</p> <p>Waste sent to landfill fell again this year with only 80,992 tonnes of waste being land-filled against the annual target of 85,000 tonnes. Action in the period to reduce waste and increase recycling included increased MRF efficiency; expansion of the garden waste scheme; expansion of recycling to some multi occupancy properties, and the introduction of new recycling schemes (e.g. low energy light bulbs and batteries) This increased the amount diverted from landfill (N1192) by 1.86%, leading to a year end recycling figure of 33.06% against a challenging target of 36%.</p>
		<p>Business Support – Responsible Officer: Pete Aley</p> <p>A departmental pressure of £0.465m early in the year was balanced in 2011/12 through a variety of actions achieving total savings of £0.448m</p>

Monthly Budget	Performance	Comment
		<p>Adult Social Care - Responsible AD: Pam Marsden</p> <p>The 2010-11 net outturn position is £0.667m. The service has contained spending to within 1% of total budget which is inside target tolerances for the year. This has been possible due to careful scrutiny through the management team and the profile maintained via the Adult Social Care programme board. Learning Disability costs and other service pressures in residential and nursing care have been offset with a range of cost reduction and commissioning efficiencies throughout the service.</p> <p>Self-directed support (N1130) at 31% exceeded the year end target of 30%. Carers (N1135) at 34.4% has also exceeded the year end target (24%).</p> <p>The percentage of adults with learning disabilities in employment (N1146) achieved 5.1% against a year end target of 5.9%. The percentage of adults with learning disabilities in settled accommodation (N1145), a measure based on the need for an annual review, continued to under-perform reaching an end of year position of 55.6% against a stretching annual target of 75%. Review capacity in the last 2 months of the year was directed towards safe-guarding and other priority areas, however work has already commenced within the service to improve performance in 2011-12 for these indicators. Indicator I_AAC, the percentage of all adult social care clients in the community or in a Care Home receiving a review year end position was 73.6% against a target of 75%.</p> <p>Plans for service transformation are on track. The first cohort of staff has been testing out the new operating system since February and the second cohort of staff has been recruited. They will operational by the end of May.</p>
		<p>Culture, Sport & Leisure - Responsible AD: James Coulton</p> <p>At year end there was an underspend of £0.232m, a variance of £0.289m from the £0.057m overspend reported at end of quarter 3. This is mainly due to savings against the operation of pools through lower spend on equipment, utilities, staff costs through vacancies and higher income being achieved.</p> <p>The preferred bidder for the leisure management contract was selected in the period and will take over facilities management on a phased basis. Two new libraries (Devonport and Estover) opened and Plymouth Life Centre is on schedule to be completed in November followed by fit out and staff training. Plymouth was also confirmed as the training centre for the Canadian diving squad prior to their participation in the Diving World Cup and Olympic Games both of which will take place in 2012.</p>
<p>Human Resources</p> 	<p>Establishment 1265.9 FTE employees against the budgeted establishment of 1593.6 FTE positions, showing a decrease of 62.2 FTE employees and a decrease of 7.1 FTE positions from the previous month</p> <p>Agency spend was 0.80% of the monthly wage bill which is a 0.06% increase from the previous month</p> <p>Sickness: the Council has set a target of 7 working days per FTE; sickness levels at the end of the month are 14.23 working days per FTE for this financial year to date (April 2010 – February 2011) and 15.53 working days per FTE for the last rolling 12 months, which is a slight decrease of 0.25 days per FTE over the rolling 12 months. Council wide sickness statistics (exc. Schools) = 11.89 days per FTE (2010-11 yr to date) and 13.11 days per FTE for the last rolling 12 months.</p>	

10.2 Departmental Medium Term Financial issues

The key medium term issues for the department are:

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

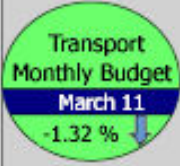




11. Development & Regeneration







11.1 Development Department – Actual position £0.160m Overspend

Services net spend of £16.424m represents just under a 1% overspend when compared to the final net budget of £16.264m.

Further explanation is reported in the scorecard.

Development Quarterly Budget & Performance Report

Budget	Performance	Comment
		<p>Responsible Officer: Clive Perkin The net underspend of (£0.165m) has arisen due to a combination of savings on street lighting , Safety Camera Partnership and Concessionary fares partly offset by cost pressures on winter road maintenance and car parking</p> <p>The £20m East End Transport Scheme continues to be delivered and is on schedule for completion in November 2011. The long term strategy and five year implementation plan for the city’s transport infrastructure has been adopted The service has continued to meet its targets and deliver an end of year balanced budget despite the challenges of the winter weather and the major scheme work</p>
		<p>Responsible Officer: Gill Peele The net underspend of (£0.063m) is due to there being some slippage in the pooled consultancy budgets and some salary savings in this area</p>
		<p>Responsible Officer: David Draffan The adverse variation of £0.292m has arisen as a result of the economic climate due to the commercial rent activity suffering through a number of industrial units becoming or remaining empty during the year. This has resulted in a loss of rental income and increased cost pressures, although new strategies to manage the Commercial portfolio are being developed.</p> <p>The Council is working closely with organisations to embed a culture of enterprise across the city, and to provide a policy framework which is supportive and enabling of business growth. The economic strategy for the future is now being overseen by the private sector led Plymouth Growth Board which holds to account the activities of the Council and other economic development delivery partners. It will also take responsibility for the monitoring and analysis of local economic intelligence and be the local delivery mechanism for the Plymouth area of the Heart of the South West Local Enterprise Partnership.</p>

Budget	Performance	Comment
		<p>Responsible Officer: Paul Barnard</p> <p>There were no material variations (net) in this area of the budget</p> <p>The Planning services continued to make excellent progress in support of the sustainable growth of the city</p> <p>The performance of the determination of planning applications exceeded national targets in all three categories, major, minor and others</p>
		<p>Responsible Officer: Stuart Palmer</p> <p>Utilisation of grant funding combined with other savings in the areas of finders fees and general efficiencies across the service has produced favourable position of (£0.120m) at outturn</p> <p>241 new affordable homes were completed which exceeded the three year LAA target by 27%</p> <p>Private sector housing targets for 2010/11, including the removal of category 1 hazards, numbers of properties made decent, licensed HMO's inspected, Disabled Facilities Grants completed, empty homes returned back into use and lifetime carbon dioxide savings as a result of energy efficiency measures. Although the number of energy saving measures were slightly less than forecast, hard to reach properties were targeted and achieved higher carbon savings.</p>
		<p>Responsible Officer: Mark Turner</p> <p>Although the Waste Project timetable was brought forward which resulted in additional costs, these were offset by efficiencies within the team resulting in a net favourable position of (£0.020m)</p> <p>"The Waste PFI Project's two and a half year procurement phase was successfully concluded in March 2011 with the signing of a 25-year contract with MVV Environmental for an energy from waste solution located in Devonport Naval Base. The procurement was completed ahead of the agreed programme and within budget, and the resultant contract with MVV is valued at £436m against an outline business case estimate of £825m. The project has also secured funding support from Defra worth £177m over the life of the contract."</p>
<p>Human Resources</p> 	<ul style="list-style-type: none"> ▪ Establishment: 331.8 FTE employees against the budgeted establishment of 378.8 FTE positions, showing a decrease of 1 FTE employee and neutral in terms of positions from the previous quarter ▪ Agency Spend was 0.49% of the monthly wage bill (excluding Devonport Regeneration Community Partnership) which is a 0.10% decrease from the previous month. ▪ Sickness: the Council has set a target of 7 working days per FTE. Sickness levels at the end of the month are 10.44 working days per FTE for this financial year to date (April 2010 – February 2011) and 11.60 working days per FTE for the last rolling 12 months which has decreased by 0.09 from the previous month. The council wide sickness statistics excluding schools staff are 11.89 days per FTE for this financial year to date and 13.11 days per FTE for the last rolling 12 months. 	

11.2 Departmental Medium Term Financial issues

1. There are still a challenging number of empty Commercial Properties throughout Plymouth and many within the City Centre West End.
2. The Economic Development department is currently supporting a proposed new BID with the Plymouth Waterfront Partnership and there is a funding requirement upfront to deliver this.
3. Within Transport there is an ongoing review of the car parks within the city centre including all on/off street parking within Plymouth. Road Safety is also a key Financial Issue including reducing the number of pot holes as well as prioritizing spend on commuted maintenance & general improvements to roads, so to reduce the number of pot holes and other damage caused during the Winter period.
4. Financial risk within Strategic Housing is that there is a reliance on grant funding in service areas such Family Intervention Project and Anti Social Behavior for which is likely to be reduced. There may also be further reductions in funding from the Homelessness grant which will have an impact on the future level of service provided.

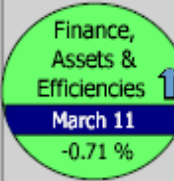

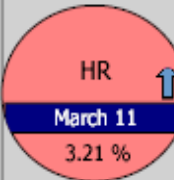

12 Corporate Support

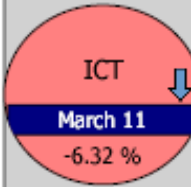
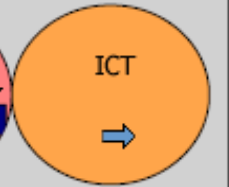
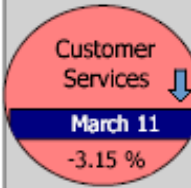


12.1 Corporate Support Department – Actual position (£0.511m) Underspend

Services net spend of £31.310m represents a (1.61%) underspend when compared to the final net budget of £31.822m. This is within the variation parameters set.

Further explanation is reported in the scorecard.

Corporate Support Quarterly Budget & Performance Report

Budget	Performance	Comment
		<p>Responsible Officer: Malcolm Coe</p> <p>The favourable outturn position has been achieved through proactive management of delivery plans. We have held vacancies and significantly reduced overtime within Revenue & Benefits, achieved a high return in council tax court claims and obtained an increase in housing benefit subsidy (whilst mitigating the risk of clawback from previous years claims -potentially as high as £300k). There has been a reduction in spend from external & internal audit through negotiating contracts. The restructure in finance achieved savings over and above delivery plan targets which has also been added to through relatively high staff turnover.</p> <p>There has been a significant improvement in performance in relation to processing of housing and council tax benefit. Figures for March are 18.95 days for the average time to process claims and change in events compared to 23.77 days in February. However, lower cumulative performance from earlier in the year means that the annual target of 20 days will be missed. The National Non-Domestic Rates (NNDR) collection rate narrowly missed the annual target of 97.50% or £77.606m recording 97.30% or £77.443m. Council Tax collection has also slightly missed the end of year target. Cumulative collection at the end of March was 96.10% or £89.044m against a target of 96.50% or £89.453m a shortfall of £0.400m. . However, this still represents an improvement against the 2009/10 outturn of 95.5%. Overall, our cumulative Council Tax collection rate remains at 98.8% which in line with Unitary Council average.</p>
		<p>Responsible Officer: Mark Grimley</p> <p>There have been some savings identified from reduced staffing levels and from savings on the Leadership & Management training programme.</p> <p>The first cohort of the Leadership Programme is underway with 16 employees undertaking an intense programme of non-residential and residential workshops.</p> <p>HROD are piloting the Accommodation Strategy with sections of the department trialling compressed working hours and casual homeworking. Refurbishment of floor 4 takes place in early May which will enable a 'new way of working' to be adopted by the whole department with hotdesking and the new telephony system, Microsoft Lyncs.</p> <p>The Occupational Health contract, with IMASS, is now allowing managers access to an online portal, 'Job Screen' to manage their occupational health referrals and pre-employment health questionnaires.</p> <p>Over 1500 employees were transferred from Plymouth City Council to new Academies at the end of March. New payrolls have been set up for those Academies continuing to purchase payroll services from Plymouth City Council.</p>

Budget	Performance	Comment
		<p>Responsible Officer: Neville Cannon</p> <p>ICT have managed to achieve savings from reviewing existing contracts and challenging costs e.g. BT have refunded PCC for telephone charges. The service has also identified savings from the sale of software licenses held by the Council.</p>
		<p>Responsible Officer: JP Sanders</p> <p>Savings have resulted from delivering the service with reduced staffing levels. The last quarter of 2010/11 was dominated by preparation for the tough upcoming budget challenges and the impending restructure with Revenues and Benefits, Cashiers and Creditors. Vacant posts were not filled to minimise the risk of redundancy which lead to a slight increase in the underspend. Much effort was also directed to staff engagement to ensure the restructure plans were the best they could be whilst achieving the budget delivery plan savings. This has had a knock on effect on productivity, and there was a slight dip in performance metrics around average wait times, but this was less than expected.</p> <p>In terms of complaints we have now agreed with the Local Government Ombudsman (LGO) on our provisional stats for 10/11 - we received a total of 52 ombudsman complaints with no findings of maladministration and just 11 local settlements. This represents the Councils best performance ever and reflects our improved processes and increasingly improving working relationship with the LGO.</p> <p>In terms of Stage 2 complaints, performance for this quarter is meeting the corporate standard of 100%. Training with Amey appears to be paying dividends with an improved performance in this area at a time of peak demand as complaints about potholes and major town centre roadworks continues.</p>
		<p>Responsible Officer: Tim Howes</p> <p>Democracy and Governance have achieved additional income from successfully recovering legal fee costs and achieving favourable variations in the reduced number of children's court cost cases. Coroner related costs have been marginally lower than previous trends, resulting in further savings.</p>

Human Resources

Establishment - 821.3 FTE employees against the budgeted establishment of 990.6 FTE positions which is a decrease of 8.6 FTE employees and an increase of 0.9 FTE positions from the previous month.

Agency Spend was 0.40% of the monthly wage bill which is a 0.06% increase from the previous month.

Sickness levels at the end of the month are 11.71 working days per FTE for this financial year to date (April 2010 – February 2011) and 13.05 working days per FTE for the last rolling 12 months, which is a slight increase of 0.11 days per FTE over the rolling 12 months. The council wide sickness statistics excluding schools staff are 11.89 days per FTE for this financial year to date and 13.11 days per FTE for the last rolling 12 months. The Council has set a target of 7 working days per FTE.



12.2 Departmental Medium Term Financial issues

1. Services within Corporate Support are linked to delivering the Accommodation Strategy and ensuring that each phase is delivered timely to ensure the service can drive out the maximum efficiency and reduce waste. This includes rationalising the number of buildings and developing the infrastructure, including improvements to Information Technology, and changing the way employees work.
2. There is also a need to drive out further efficiencies from integration of various support service teams throughout the Council.
3. Procurement savings targets are also required from the Procure to Pay Projects as well as from demand/category management techniques.

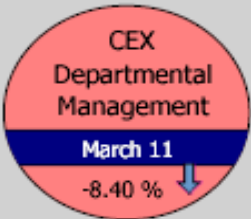


13. Chief Executive

13.1 Chief Executives – Actual position (£0.157m) Underspend

The final outturn position for Chief Executives Department is spending of £1.730m against a revised budget of £1.887m, representing a forecast year end favourable variance of (£0.157m).

Further explanation is reported in the scorecard.

Assistant Chief Executive Quarterly Budget & Performance Report

Monthly Service Budget	Performance	Comments
 <p>CEX Departmental Management March 11 -8.40 % ↓</p>		Under spend identified on several budget lines including Hospitality, Consumables, Consultancy, Salary Lines and other smaller budget lines due to a reduction of unnecessary spend by the department.
 <p>Corporate Communications March 11 -8.71 % ↓</p>		<p>Responsible Officer: Richard Longford</p> <p>Savings due to unfilled vacancies within Design Studio and Corporate Communications has been offset against a shortfall in design studio income resulting in a net balance. A favourable variance relating to Printing, has been used to cover the Chief Exec Departments 10/11 Budget Reductions Target.</p>
 <p>Performance, Policy & Partnerships March 11 -8.06 % ↓</p>		<p>Responsible Officer: Giles Perritt</p> <p>A favourable variance is reported in the Chief Executive's Department due to action to contain spend in the year across all budget lines. In addition to the underspend reported Chief Executive has not used the P2020 reserve transfer of £257k and this has been returned to the carry forward reserve to be used to support the new structure and offset continuing costs incurred in 11/12 due to the timescales involved in completing the Policy, Performance & Partnership restructure.</p> <p>The formal consultation period for the Policy, Performance & Partnership restructure will finish on 20 May. A response to any resultant consultation comments will be given the week beginning 23 May.</p> <p>A workshop has been arranged on the 18 May to appraise partnership Level 3 indicators that deliver the Levels 1 & 2 city wide indicators.</p>

Human Resources

Chief Executive Corporate HR reporting

- **Establishment** shows 46.8 FTE employees against the budgeted establishment of 53.8 FTE positions, which has remained constant from the previous month.
- **Agency Spend** was 0.37% of the monthly wage bill which is an increase of 0.02% from the previous month.
- **Sickness** – the Council has set a target of 7 working days per FTE. Sickness levels at the end of the month are 4.59 working days per FTE for this financial year to date (April 2010 – February 2011) and 5.19 working days per FTE for the last rolling 12 months, which is an increase of 0.74 days per FTE over the rolling 12 months. Council sickness statistics are 11.89 days per FTE for this financial year to date and 13.11 days per FTE for the last rolling 12 months.

13.2 Departmental Medium Term Financial issues

The approved budget for the department for 2011/12 is £1.509m. The department is responsible for overseeing delivery plans totalling £0.400m in 2011/12.

The delivery plan budget reduction will be achieved in the main from a restructure of the policy and performance function, including consultation, across the Council. The restructure proposals are currently out to consultation.

14. Corporate Items & Cross-Cutting Issues

14.1 Corporate Items - Revenue Budget Monitoring – underspend (£2.105m), prior to corporate health adjustments

The final position on the corporate items budget was an underspend of (£2.105m), an improvement of (£1.081m) since the last report. A summary of the main variations for the year is outlined below:

	£000
Capital Financing – repaid Devon debt	(1,122)
Capital Financing - other	(315)
VAT Fleming recoveries	(289)
Enhanced superannuation	(49)
Area Based Grant	(112)
Stock transfer – Residual costs	2,202
Support Service recharges	(65)
Transfers to provisions	600
NNDR Refunds from revaluation	(87)
Centralised repairs	(650)
BSF major project	(300)
Contingency	(500)
Other variances	32
PAYE liability	60
June budget reduction– contingency provision	<u>(1,510)</u>
	<u>(2,105)</u>

Further details on the main variations are given below.

(a) Capital Financing Budget – favourable variation (£0.315m)

In accordance with the Code of Practice on Treasury Management the Council is required to formally report on its Treasury Management activities for the year, providing information on the progress and outcomes against the Treasury Management Strategy. This report will be presented to Audit Committee on 27 June 2011. A summary of the treasury management activity for the year, including more detail on the implications for the revenue account, is given in section D of this report.

In addition to the variance on day to day treasury activities, following negotiations with Devon County Council, the Council assumed responsibility for the residual loans outstanding relating to pre unitary status. This has resulted in a saving of (£1.122m) in 2010/11.

(b) VAT Fleming Recoveries – (£0.289m)

The Council submitted a number of claims for refund of VAT at the end of 2008/09. 3 claims were settled in 2009/10 and a further claim was settled during 2010/11. The Council has a further 3 claims outstanding as at end March 2011, which HMRC have rebutted. The Council continues to work with PWC to appeal the decision.

(c) Area Based Grant – (£0.112m)

The Council received a total of £20.182m Area Based Grant for the year a favourable variation of (£0.112m). Departments will usually receive notification of a new grant award from the relevant Government department, and whilst the grant may be issued for a specific initiative and there may therefore be an expectation by the Government Department that it is used to deliver specified outcomes, ABG remains a general unringfenced grant and the Council is free to determine how this should be used. In line with the policy agreed by CMT during budget setting 2009/10, all ABG awards in respect of 'new' grants are not allocated to departments but form part of the overall general resource pot for the Council.

(d) Stock Transfer - £2.202m

The Council continues to incur residual costs as a result of the stock transfer. These costs are in the main expected to reduce over the medium term as the Council moves forward with its transformation agenda. The approved budget for 2010/11 assumed these costs would be met from a one off transfer from the HRA working balance. These costs have now been met from savings within the corporate items budget, leaving the working balance available for re-allocation. After taking into account costs incurred on the HRA during the year, the actual working balance available at year end was (£1.592m).- as outlined in section C.

(e) Transfers to Provisions -£0.600m

The Council is required to keep under review its level of provisions and ensure an adequate balance remains at year end to meet potential liabilities. This review has resulted in the following additional transfers to provisions at the year end:

Bad Debt Provision	£0.300m
Insurance Provision	£0.300m

The transfers have been met from the corporate items budget.

Further detail on the Council's provisions is given at Appendix F

(f) Centralised Repairs (£0.650m)

The corporate items budget contained increased budget provision for repair and maintenance costs of the corporate estate. These costs have been contained within the corporate support departmental budget.

(g) June budget reduction– contingency provision (£1.510m)

The June cut to budgets of £3.950m was intended to deliver £1.510m of savings in excess of in year grant cuts to be utilised in future years in the light of much larger expected cuts in the settlement review. Whilst this amount had been taken in to account in future years budgets, this was held as a contingency against non achievement of the extra savings by departments in 10/11 with a view that it would be taken into account as part of the end of year review of reserves subject to the final outturn if not required. This has now been released.

(h) BSF Project (£0.300m)

A budget provision of £0.300m was held in corporate Items as a one off contribution to the BSF project. Work on the project was suspended during the year following Government announcements that the BSF programme was being reviewed nationally. The national programme was later cancelled and this budget provision was therefore no longer required.

14.2 Further Corporate Health Adjustments

As part of the end of year financial health review, a number of adjustments are proposed to the Council's accounts. These invariably are cross cutting and are shown against the Corporate Items budget for reporting purposes. The proposals total a net (£1.631m) and are outlined in Section A of the report.

14.3 Partnerships- New Deal for Communities (NDC)

14.3.1 The New Deal for Communities programme ended with effect 31 March 2011. The programme spanned a 10 year period and received £48m of Government funding, drawing in excess of £300m of match funding in support of a wide range of projects. The programme sought to tackle holistically the problems of a deprived neighbourhood and worked closely with a wide range of public and private sector partners to attempt to 'narrow the gap' between Devonport and more affluent parts of the City.

14.3.2 The NDC grant allocation for the final year was £3.643m. All but two of the final grant claims have been processed and it is anticipated that the grant allocation will be spent in full. This will ensure that the 10 year allocation of grant award has been drawn down in full. Details of the projects supported during the year will be made available in the Council's published Statement of Accounts in September following the completion and submission of the required 'Statement of Grant usage' to the external auditor. Notable successes in the year, however, included completion of the refurbishment of listed St Aubyn's Church to provide a new local library, fully equipped with brand new library stock and a community access computer suite. This project won both the prestigious Abercrombie Award itself and an award for the Best Conversation Project at the 2011 awards evening in April. Devonport projects supported through the NDC programme also picked up an additional two awards, for Devonport Guildhall and landscaping at Granby Green, with a further two schemes highly commended by the judges. Each of the schemes delivered through Partnership working between the NDC team and City Council departments.

14.3.3 The Council continues to hold funds in reserve on behalf of DRCP. These monies represent 'pay back' in lieu of grant paid to support Council schemes, mainly in 2007/08, in order to maximise grant drawdown. This money remains ringfenced to support projects in the Devonport area and approved by the former DRC Partnership Board. The reserve is being used to support schemes that have not been completed by the 31 March 2011, mainly capital schemes at Riverside Business Park and Garrison Close, both of which are already well advanced. One project will provide five new, energy efficient homes at Garrison Close the other will see an additional two incubator business units built at Riverside Business Park, to continue to support the high level of business start-ups supported through the NDC programme within Devonport.

14.3.4 Remaining funding will also be used to provide three years funding (2011 to 2013) to support the newly established Devonport Neighbourhood Board. This Body, supported by the key public sector partners and a full time officer funded from NDC finances, will continue to provide residents with the opportunity to help shape change and service improvements within Devonport.

Section C – Housing Revenue Account – Residual Costs

15. HRA – Revenue Budget

- 15.1 The Council transferred its Council Stock to Plymouth Community Homes (PCH) on 20 November 2009. However the Council is required to continue to operate a Housing Revenue Account until approval has been granted by CLG to formally close the account. This may not be applied for until a final unqualified subsidy claim has been received. The auditor certified the final claim on 31 December 2010, and the Council settled all amounts due to CLG in February 2011. Formal Secretary of State approval to close the account has now been received with closure applicable on 31 March 2011. The residual HRA Working Balance transfers to the General Fund as at this date.
- 15.2 Appendix H outlines the transactions in the account during 2010/11. These in the main relate to prior year subsidy and Item 8 adjustments, where the amending Determinations were not forthcoming in time to apply them to the 2009/10 accounts.
- 15.3 During the year the Council continued to receive rental income in respect of retained land and commercial properties. These were formally appropriated to the General Fund in October 2010 and all income and liabilities also transferred from this date.
- 15.4 The net costs incurred in 2010/11 of £0.200m will be met from the HRA working balance leaving a balance of £1.592m available to transfer to the General Fund. This has been taken into account as part of the Corporate Health adjustments outlined in section A. The account will be subject to statutory adjustments as part of the final Statement of Accounts process.
- 15.5 Following closure of the HRA any future residual costs will be charged direct to the General Fund. A number of provisions and an earmarked reserve remain in order to minimise these costs to the General Fund budget.

16. HRA Capital Programme

- 16.1 The Council retained liability for contract retention payments relating to work completed prior to transfer. Retention payments are generally released 12 months after completion of the scheme. The Council also retained responsibility for compensation payments to leaseholders at Ker Street Devonport. Estimated costs were accrued and charged to 2009/10. Final costs settled in 2010/11 have resulted in a net credit of (£0.017m) on the programme. A corresponding adjustment to capital funding via capital contributions will apply.

- 16.2 The Council continues to hold a sum of £0.161m in ringfenced capital receipts relating to housing redevelopment site 62 and 64 Granby Green (Devonport Development Framework). This amount was paid by Devon and Cornwall Housing Association pending transfer of the housing sites for redevelopment and is repayable should transfer not proceed. Although the remaining sites have transferred to PCH, there is still an expectation that these will be transferred to Devon and Cornwall within the next few years. The Council remains liable for the repayment of the capital receipts if transfer is not forthcoming.

Recommendations:

10. Cabinet note the residual costs on the HRA for the year.
11. Cabinet note that the HRA was formally closed on 31 March 2011 and that the HRA Working Balance has transferred to the General Fund.

Section D – Treasury Management

17. Treasury Management Activity

- 17.1 The Council is required to formally report on its Treasury Management activities for the year, providing information on the progress and outcomes against the Treasury Management Strategy. This report will be presented to Audit Committee on 27 June 2011. However, Treasury Management activity forms an integral part of the Council's budget and this section summarises the main financial implications for the year.
- 17.2 The Council's borrowings and investments at the end of March 2011 are shown below. In accordance with the Council's treasury management strategy no longer term borrowing was taken in 10/11 with any borrowing requirement met from short-term borrowing. At 31 March 2011, the Council's investments had increased from £153.051m at 31 March 2010 to £165.802m and its borrowings from £266.599m to £286.383m.
- 17.3 The Council received investment interest of £2.802m and paid out £8.945m in interest against borrowings during the year as shown in the table below. External interest payments increased as a result of the transfer of £33.665m of pre LGR debt from Devon County Council to Plymouth City Council and short-term borrowing taken as an alternative to using internal balances to meet cashflow requirements. Additional interest from the transfer of loans from Devon County council amounted to £1.29m with an additional £0.099m of interest on short term borrowing. The use of short-term borrowing allowed for increased investment income from cash flow and longer-dated deposits out to one year increasing investment income. Other variations in investment interest resulted in a reduction in interest receivable against budget of £0.019m. Allowing for the reduction of interest paid to Devon County Council of £1.358m the net costs from treasury management activities in 2010/11 above budget was £0.050m.

Table 9

	2010/11 Budget £000	2010/11 Outturn £000	Variance £000
External Interest payable	7,556	8,945	1,389
External Interest receivable	(2,821)	(2,802)	19
Net Interest payable for year	4,735	6,143	1,408

Borrowing

17.4 The Council's loans at 31 March 2011 were:

	Principal O/S £000	Average Rate %
PWLB (Public Works Loan Board)	61,315	5.4001
Market Loans	130,000	4.4202
Bonds	83	1.1660
Temporary Loans	94,985	0.4800
Total Borrowing @ 31/03/11	286,383	3.3222
<hr/>		
PFI	31,753	
Total Debt 31/03/11	318,136	

17.5 The SORP 2009 introduced changes to the accounting for PFI schemes, and now requires qualifying schemes to be included within the Council's balance sheet. The Council is however required to set up a matching long term liability reflecting the outstanding payments to the provider over the term of the contract. This liability is seen as a credit arrangement and increases the Council's total debt and must be taken into account within the statutory borrowing limits. The Council has one PFI scheme, the contract with Pyramid to build and run the schools at Woodview campus and Riverside.

17.6 The move to IFRS has also led to changes in accounting for leases. It is likely that a number of leases currently classified as operating leases will need to be reclassified as finance leases and work is ongoing to calculate the relevant finance lease liability and restate the accounts as required. All payments in respect of finance leases will in future form part of the Council's total debt liability.

17.7 The borrowing limits for 2010/11, originally approved by Council in March 2010, as updated for the inclusion of the PFI were as follows:

- Authorised limits £347m
- Operational Boundary £295m

The revised prudential indicators, as presented to Cabinet on the 8 February and subsequently approved by Full Council on 28 February, increased the limits to allow greater flexibility to take short-term borrowing to cover cashflow requirements. The approved updated limits were as follows:

- Authorised limits £349m
- Operational Boundary £322m

17.8 The maximum debt outstanding in 2010/11 was £319.376m on 28 March 2011 (including £31.753m for the PFI scheme). This was within both the authorised limit

and the operational boundary. The previous high point was on 10 August when total debt including PFI reached £312,870,118 breaching the operational boundary due to cashflow requirements.

- 17.9 At the end of March 2011 the Council's actual borrowing stood at £286.383m. This included £33.665m of PWLB debt relating to pre LGR debt administered by Devon County Council transferred to Plymouth City Council on 25 June 2010. Additional short-term loans were taken in the year, in line with the 2010/11 Treasury Management strategy, as an alternative to more expensive long-term borrowing and the use of internal balances. Over the year total long-term loans fell from £192.920m at 31 March 2010 to £191.398m at 31 March 2011. This long-term debt includes £130m of Lobo (Lender option borrowing option) loans. These are loans fixed for a certain period with predetermined dates where the lender has the option to increase the rate. If this option is taken Plymouth City Council as the borrower has the option to agree this rate or repay the loan. No option was taken by Lobo lenders in 2010/11. These loans make up a significant proportion of the Council's long-term loans which will be addressed over time with no new Lobo's to be taken.

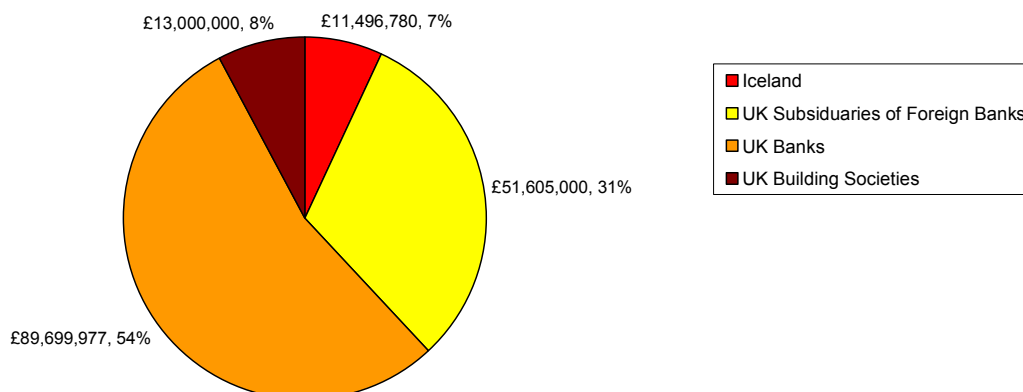
17.10 Overall Debt Performance for the year

The average interest rate on the debt has increased over the course of the year from 3.3095% to 3.3222%. This rate reflects the position at the end of each financial year (i.e. at 31 March for 2010 and 2011). The increase in rates is due to the higher cost of short-term loans at the end of 2011 as compared to 2010. Loan transactions were taken at various times throughout the year at various rates and, taking all transactions in the year, the overall average borrowing rate for 2010/11 was 3.5476% compared with a rate of 4.3092% for 2009/10.

Investments

- 17.11 At 31 March 2011 the Council's investments stood at £165.802m. This has increased from £153.051m at 31 March 2010 due to additional short-term borrowing taken in the year.

**PCC DEPOSITS BY COUNTRY/SECTOR AT 31st MARCH 2011 - Total Deposits
£165,801,779.85**



17.12 In 2010/11 the Council received additional payments of £477,004.15 from the administrators of Heritable Bank made up of principal of £453,864.31 and interest of £23,140.74. This reduced the principal outstanding on our Heritable Bank deposits to £1,496,779.85 and the overall Icelandic deposits to £11,496,779.85.

17.13 Investments are made short term to cover cash flow and liquidity requirements and longer term to maximise and guarantee future income. There were no longer term deposits taken during February/March.

17.14 Overall Investment performance for the year

During 2010/11 the Council invested for a range of periods from overnight to 364 days, dependent on the Council's cash flows, Officer's interest rate view and the interest rates on offer and the economic climate. The Council's treasury management officers work to a benchmark rate of return, the 7 day London Interbank Bid (LIBID) rate – which is the rate which can be achieved on the London interbank market for cash deposits of 7 days and is regarded as the standard benchmark. The 7 day rate is calculated on a daily basis and averaged for the year. Table 10 below compares the average return achieved by the in-house team with the benchmark. An average rate of 1.0708% was achieved for new investments in the year against a budget of 1%.

Table 10

	Average Investment	Benchmark Rate %	Actual Return %
Internally Managed	£161.969m	0.50	1.7207

The table shows that the internal performance exceeded the benchmark for the year, despite the restricted investment counterparty list.

17.15 Icelandic Banks Update

The latest position on the recoveries of monies invested in the Icelandic banks is as follows:

17.15.1 Heritable Bank £3m

The Council received a further dividends totaling 15.13p in the £ in 2010/11, bringing total dividends paid to date to 50.11%. The actual amount recovered to 31 March 2011 was £1,503,220.15, plus interest of £76,643.38. Based on current projections from the administrators a total recovery of almost 85% is expected with dividends continuing on a quarterly basis until September 2012.

17.15.2 Glitnir £6m and Landsbanki £4m

Recovery of monies in Glitnir and Landsbanki remain subject to court proceedings. Both The cost of the continuing external legal advice has been met from the Icelandic bank reserve. A sum of £0.052m has been incurred in 2010/11.

REVENUE IMPLICATIONS OF TREASURY MANAGEMENT

- 17.16 The expenditure arising from the Council's borrowing and lending accrues to the revenue accounts. This includes interest payable and receivable, the minimum revenue provision (for debt repayment), and premiums and discounts written out to revenue from previous debt rescheduling. Some of the interest receivable is passed onto specific accounts where this interest has accrued from the investment of surplus balances for these services. The balance (net cost) is met by the General Fund. Table 11 below shows the income and expenditure arising from these transactions in 2010/11.
- 17.17 The net cost of capital financing to the General Fund in 2010/11 reduced by £1.437m from the 2010/11 budget due to a reduction in MRP of £0.182m, increased treasury management costs of £0.050m, reductions in loan principal repayments to Devon County Council of £1.086m and other cost reductions of £0.219m. The MRP is a statutory charge to revenue based on the Council's capital expenditure financed from borrowing. The increased treasury management costs is due to lower than anticipated interest receipts in year. Additional MRP and interest payments resulted from PFI schemes however this was matched by grant funding.

Summary of Capital Financing Costs 2010/11

Table 11

	2010/11 Budget £000	2010/11 Outturn £000	Variance £000
External Interest payments	7,556	8,945	1,389
Interest payable (PFI)	0	2,835	2,835
External Interest received	(2,821)	(2,802)	19
Recharged to HRA	0	(159)	(159)
Interest transferred to other accounts	200	215	15
Premiums / Discounts written out to Revenue	(189)	(186)	3
Debt Management Expenses	130	147	17
Treasury Management Cost	4,876	8,995	4,119
Minimum Revenue Provision	7,150	6,968	(182)
Minimum Revenue Provision (PFI)	0	703	703
Devon County Council Residual Debt Charges	3,153	709	(2,444)
Recharges for unsupported borrowing	(1,822)	(1,762)	60
Recovered from trading Accounts	(2,758)	(2,913)	(155)
PFI Grant	0	(3,538)	(3,538)
Net Cost to General Fund	10,599	9,162	(1,437)

Recommendations:

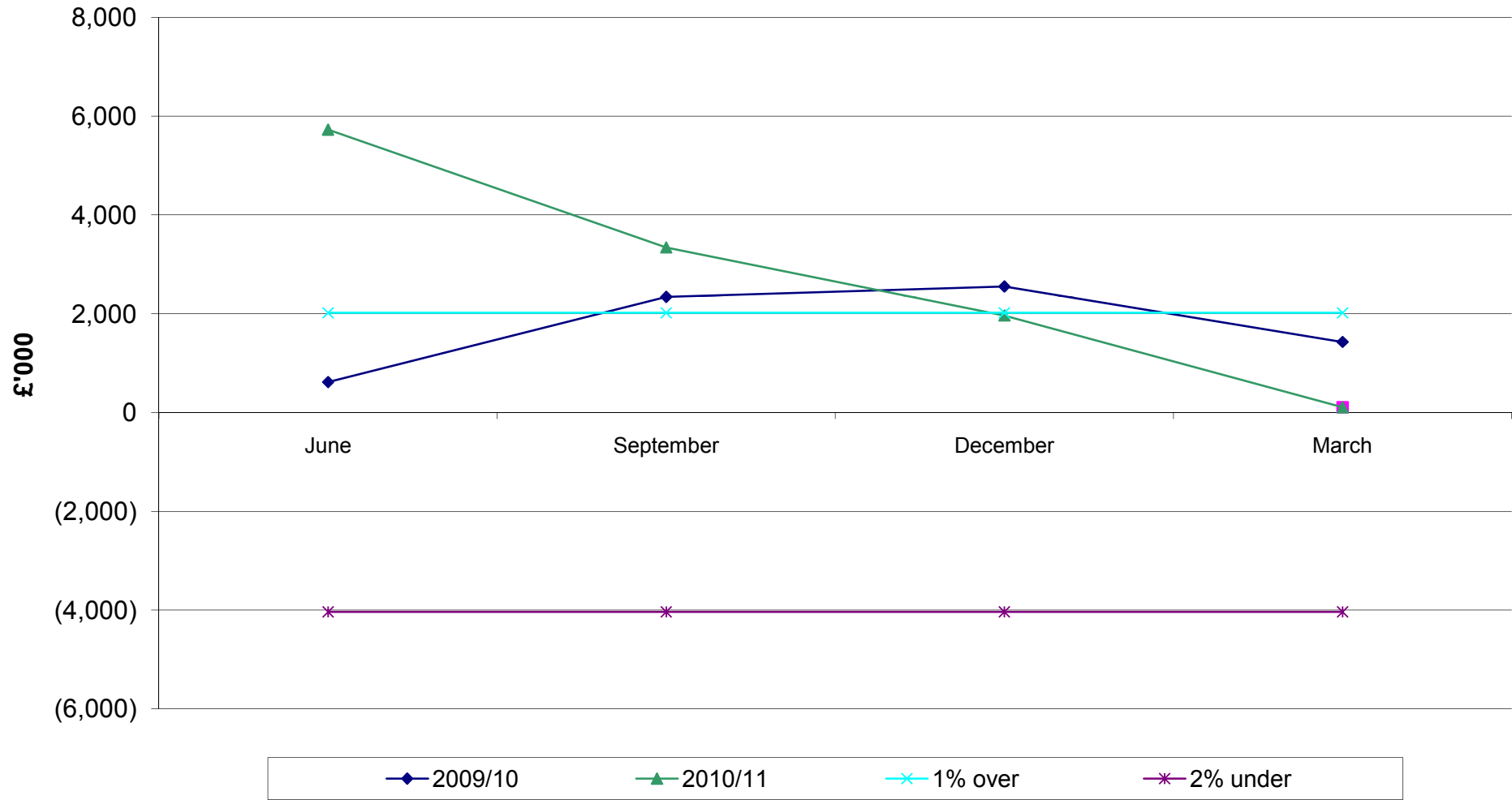
12. Cabinet note the position on the Treasury Management activities for the year and that a full report on the Council's performance against its borrowing and investment strategies, including the statutory performance indicators will be presented to Audit Committee on 27 June 2011 and Council on 25 July 2011 .
13. Cabinet note the position regarding the Icelandic Banks

SECTION E – CONCLUDING REMARKS

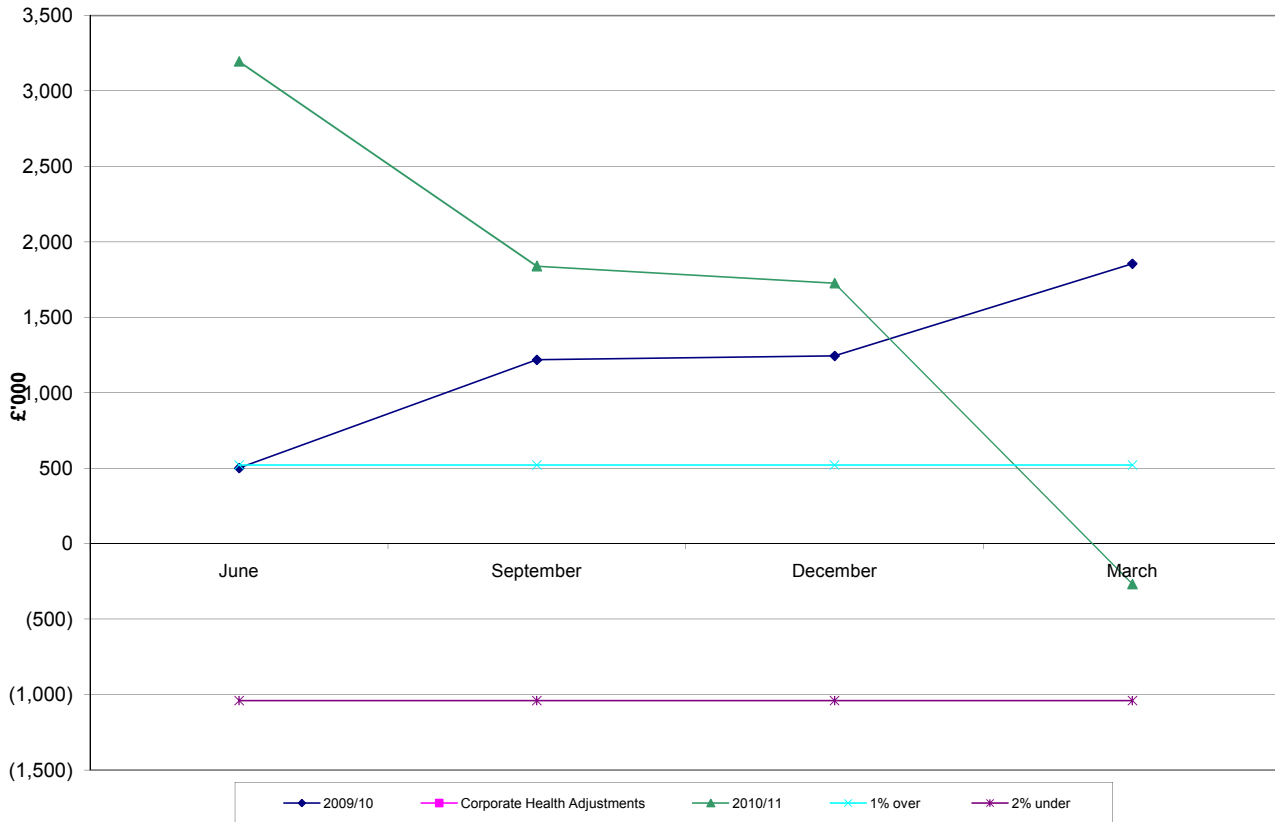
18 Conclusions

- 18.1 This report represents a review of the Council's performance for 2010/11. It has also considered the financial health of the Council looking at levels of reserves and provisions against the background of the Medium Term Financial Strategy.
- 18.2 Council continues to be facing a series of challenging issues into the medium term. The impact of the in-year 2010/11 grant funding reductions plus the reduced funding for 2011/12 and beyond means the Council have to have robust plans if it is to continue to improve.
- 18.3 In response to this, the Corporate Management Team is working with the Cabinet to develop a transformational change programme that fundamentally challenges the organisation's culture, structure and approach to service delivery. This change programme, which will include proposals for 'invest to save' will continue to progress and be reported on throughout 2011/12.
- 18.4 An improved corporate reporting process, focusing on a greater integration of performance and finance information, including partnership performance, is being developed by Officers. A return to quarterly reporting of joint finance and performance information has proved successful during 2010/11, as well as bringing the formal reporting into line with the reporting to the LSP. The formal joint reports will continue to be supplemented by monthly scorecards to Corporate and Departmental Management teams demonstrating progress. The emphasis needs to be one of looking forward: updating the MTFE regularly as things change will ensure we are able to proactively plan for the future.
- 18.5 Our result for 2010/11 shows we have come very close to achieving the very challenging budget. There must not be complacency as we move into 2011/12. To achieve the budget in the coming year all departments must achieve their declared Delivery Plans, which amount to £13.3m.

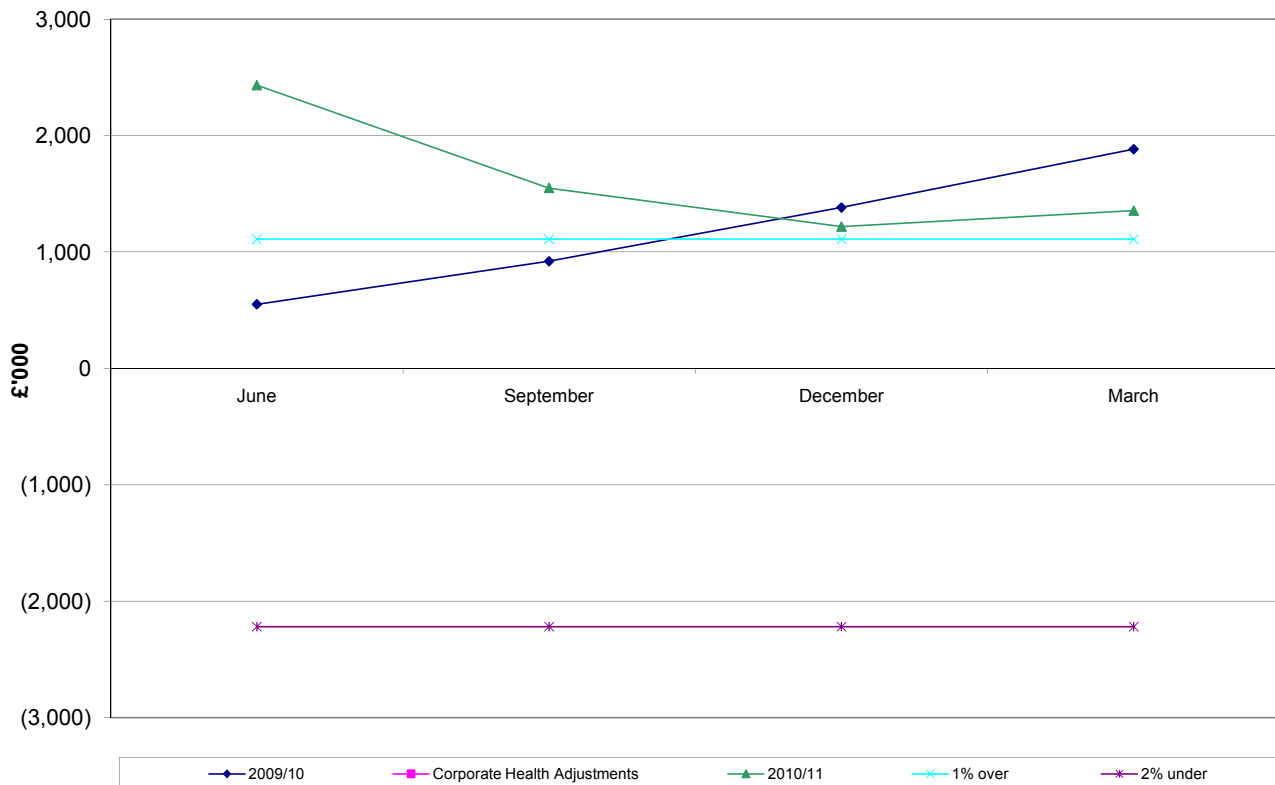
General Fund Monitoring Comparison 2009/10 & 2010/11



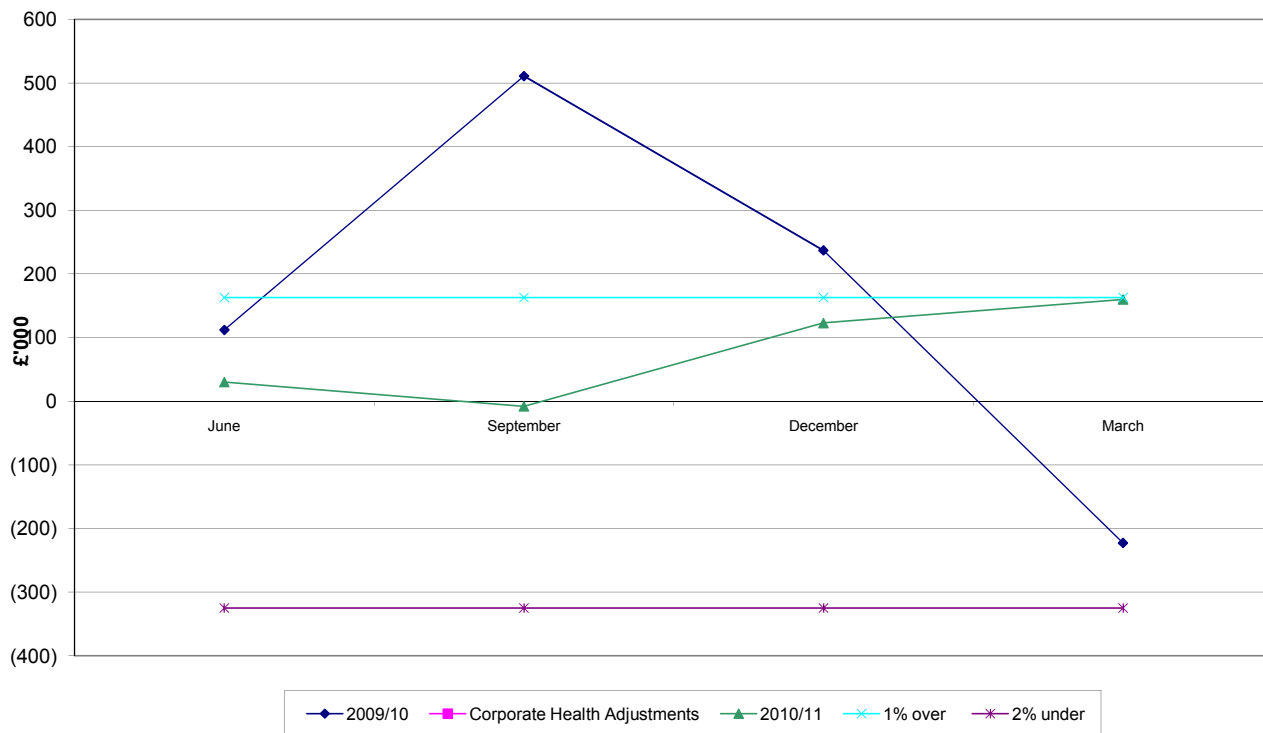
Children & Young People Services Monitoring Comparison 2009/10 & 2010/11



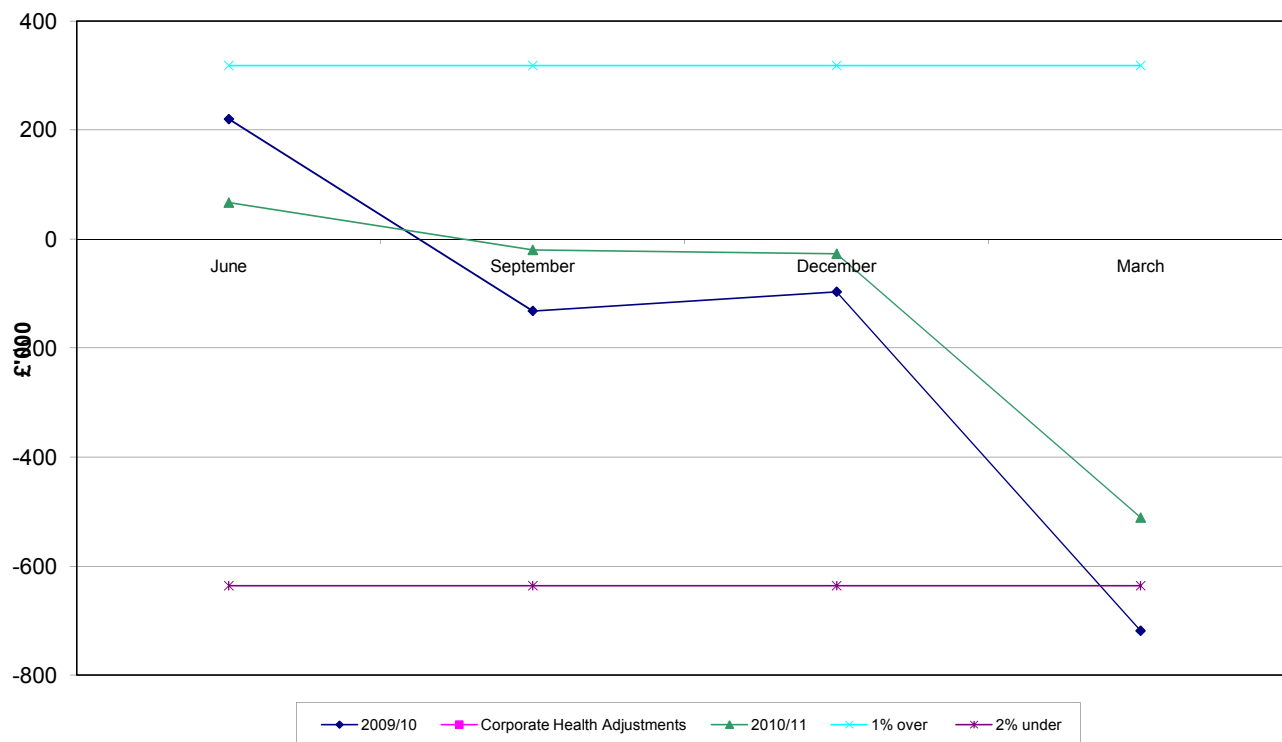
Community Services Monitoring Comparison 2009/10 & 2010/11



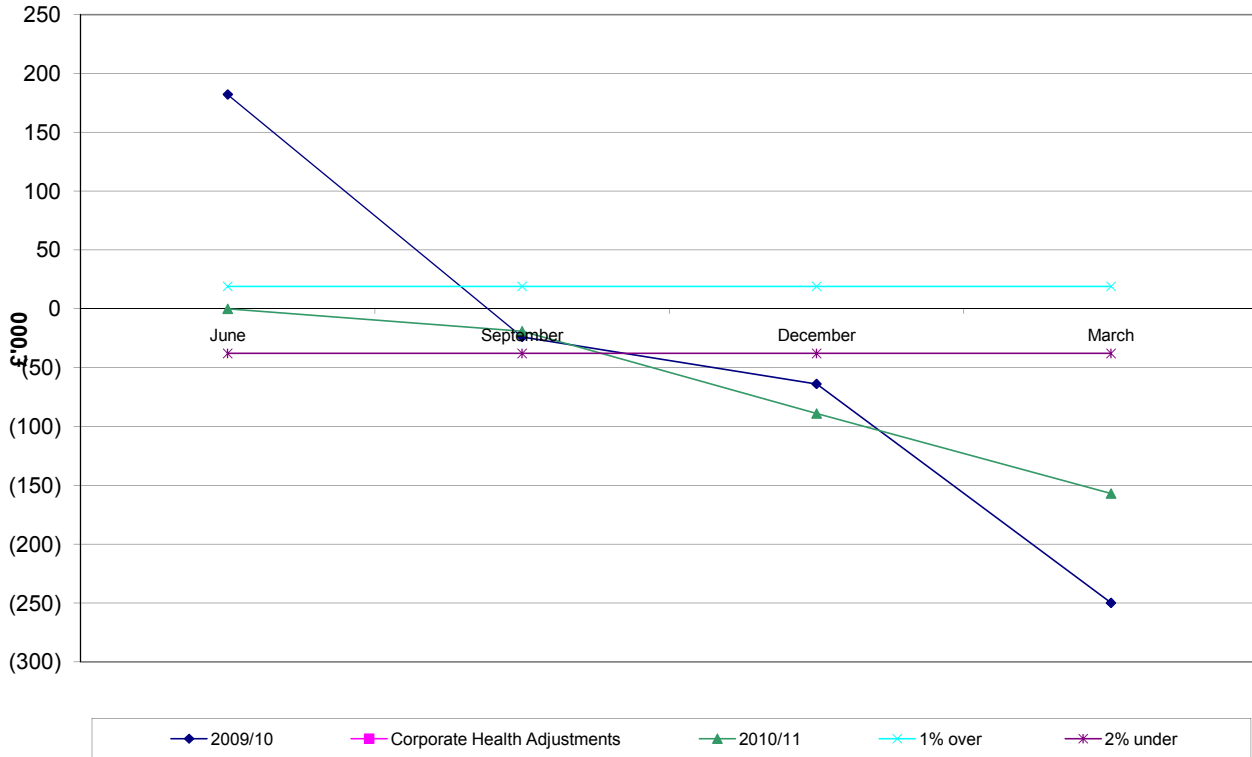
Development & Regeneration Monitoring Comparison 2009/10 & 2010/11



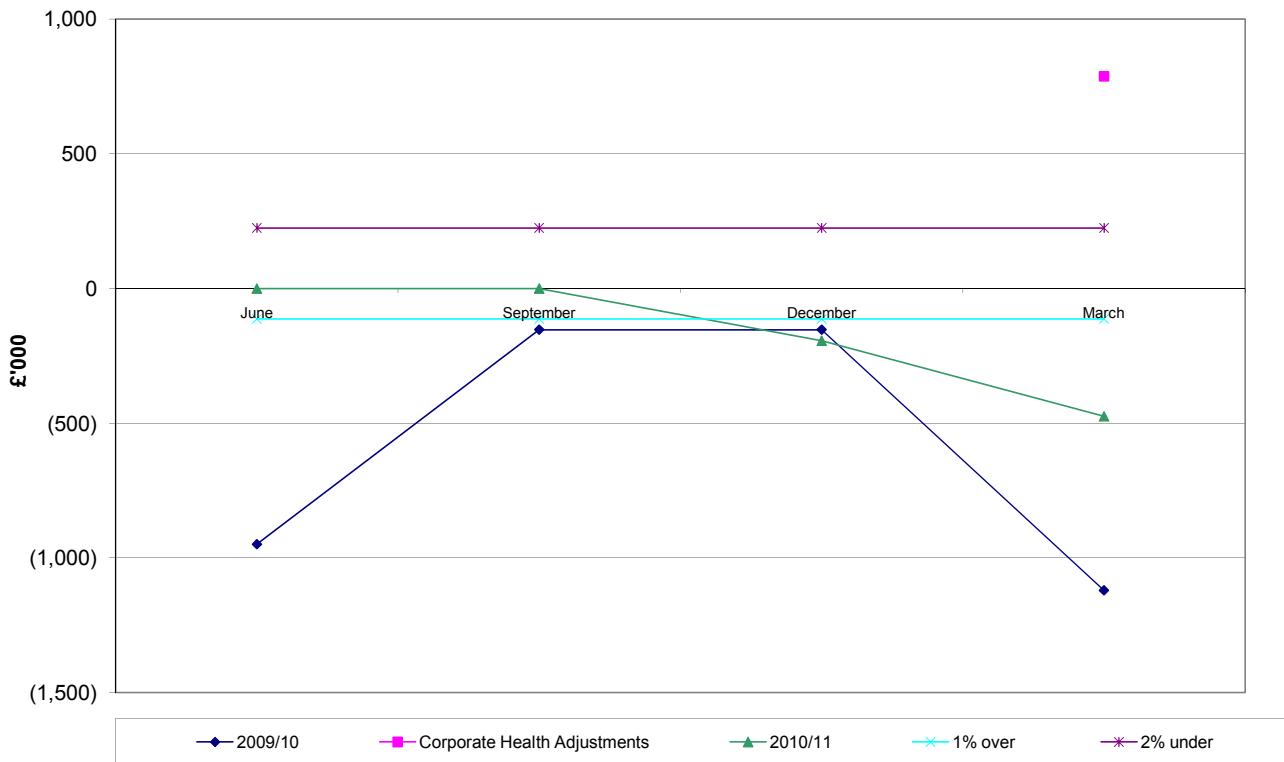
Corporate Support Monitoring Comparison 2009/10 & 2010/11



Chief Exec Monitoring Comparison 2009/10 & 2010/11



Corp Items Monitoring Comparison 2009/10 & 2010/11



2010/11 GENERAL FUND REVENUE BUDGET MONITORING TO 31 March 2011**Provisional Outturn 2010/11 after Corporate Health Adjustments and Transfers to Reserves**

	Latest Approved Budget	Actual 10/11	variance prior to adjustments	Total Corporate Health Adjustments (Reserves & Provisions)	Adjusted Outturn (1)	Proposed transfers to reserve for CMT /Cabinet approval	Adjusted Outturn (2)	Variance to budget
	£000	£000	£000	£000	£000	£000	£000	£000
GENERAL FUND BUDGETS								
DIRECTOR FOR CHILDREN AND YOUNG PEOP	52,059	51,791	(268)	0	51,791		51,791	(268)
DIRECTOR FOR COMMUNITY SERVICES	111,050	112,405	1,355	0	112,405		112,405	1,355
DIRECTOR OF DEVELOPMENT & REGENERATIO	16,264	16,424	160	0	16,424		16,424	160
DIRECTOR FOR CORPORATE SUPPORT	31,820	31,309	(511)	0	31,309		31,309	(511)
CHIEF EXECUTIVE	1,887	1,730	(157)	0	1,730		1,730	(157)
CORPORATE ITEMS	(11,255)	(13,360)	(2,105)	831	(12,529)	800	(11,729)	(474)
	201,825	200,299	(1,526)	831	201,130	800	201,930	105

NET SPEND PER SERVICE 2010/11

Service	Latest Approved Budget 2010/11	Outturn prior to Transfers to and from reserves	Corporate Health and other Adjustments	Final Outturn 2010/11
	£000	£000	£000	£000
Chief Executive				
Departmental Management	512	469		469
Policy Performance & Partners	893	821		821
Corporate Communications	482	440		440
Chief Executive Budget Savings	0	0		0
	1,887	1,730	0	1,730
Children and Young People				
Schools	0	(2)		(2)
Funded Programmes	712	714		714
Performance and Policy	3,096	2,561		2,561
Learner and Family Support	8,552	8,115		8,115
Lifelong Learning	13,451	12,099		12,099
Social Care	27,339	28,303		28,303
Childrens YP Budget Savings	(1,090)	0		0
	52,059	51,791	0	51,791
Corporate Items				
Other Corporate Items	(22,197)	(23,257)	1,631	(21,626)
Capital Financing	10,599	9,162		9,162
Major Projects	(1,167)	735		735
Corporate Items Budget Savings	1,510	0		0
	(11,255)	(13,360)	1,631	(11,729)
Community Services				
Adult Health and Social Care	72,642	73,320		73,320
Culture Sport and Leisure	10,797	10,297		10,297
Environmental Services	25,861	25,645		25,645
Safer Communities	1,584	1,365		1,365
Service, Strategy & Regulation	1,759	1,776		1,776
Community serv Budget Savings	(1,596)	0		0
Community services suspense	2	2		2
	111,050	112,405	0	112,405
Corporate Support				
Departmental Management	181	180		180
Finance, Assets & Efficiencies	14,949	14,843		14,843
HR Organisational Development	2,669	2,755		2,755
ICT information Systems	5,994	5,615		5,615
Customer Services	2,203	2,133		2,133
Democracy and Governance	5,825	5,783		5,783
Corporate supp Budget Savings	0	0		0
	31,820	31,309	0	31,309
Development and Regeneration				
Planning Services	1,403	1,402		1,402
Strategic Housing	2,887	2,767		2,767
Business Support	773	710		710
Transport and Highways	12,557	12,392		12,392
Waste Management Project Team	519	499		499
Economic Development	(1,638)	(1,346)		(1,346)
Development Budget Savings	(237)	0		0
	16,264	16,424	0	16,424
Total General Fund budget	201,825	200,299	1,631	201,930

APPENDIX D - TRADING ACCOUNT PROVISIONAL OUTTURN 2010/11

Activity	Trading Estimates (Adjusted) £000	Outturn £000	Variation to Budget £000	Comments
DEVELOPMENT				
City Market	76	81	5	Reduction in commercial rents
Off Street Parking	(1,064)	(686)	378	Reduced parking income due to the ongoing economic downturn and also competition from private parking provision in the city centre. PCN income is down although this is partly offset by staff vacancies and the new camera car. Increased repairs and maintenance spend has been incurred such as signage and line painting and additional capital charges due to rolling land and property revaluations to comply with accounting standards
On Street Parking	(1,430)	(1,328)	102	
Street Trading			0	Nil variance
Development Trading Accounts	(2,418)	(1,933)	485	
COMMUNITY SERVICES				
Taxi Trade	(43)	(65)	(22)	More taxis taking out more expensive 1 year licences rather than 3 year licences and rank review not undertaken
Community Services Trading Accounts	(43)	(65)	(22)	
Total Trading	(2,461)	(1,998)	463	

Movement in Reserves 2010/11

	Balance as at 31/03/10	Transfer of Bal to Invest	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/11	Purpose of reserve
	£'000		£'000	£'000	£'000	
Trading Account and other Statutory						
Ringfenced Reserves						
Off Street Parking	0	0	(1,460)	1,460	0	The Council continues to operate a number of activities as trading activities, for which a separate reserve is held. Surpluses and deficits from the operations are either transferred to or from the trading reserve accounts or to the General Fund, subject to statutory limitations. The use of some of these reserves is restricted for example the on-street parking reserve may only be used to support transport related activities. Many of these reserves have now been exhausted with any surpluses generated in the year being required to meet ongoing commitments.
On Street Parking	0	0	(1,328)	1,328	0	
City Market	(0)	0	(91)	91	(0)	
Taxis	10	0	(65)	0	(56)	
Street Trading	(111)	0	0	0	(111)	
Land Charges Development Fund	(52)	0	(8)	0	(60)	
Education/schools earmarked reserves						
Education Carry Forwards	(2,063)	0	(1,846)	1,971	(1,938)	Schools ringfenced resources mainly from grants
School Budget Share	(6,114)	0	574	0	(5,540)	Previously shown as a separate reserve. Represents schools balances under delegated budgets.
PFI reserve	(1,343)	0	(125)	0	(1,468)	PFI credits towards the schools PFI contract at Wood View are received in equal instalments over the course of the contract. This reserve enables the matching of the credits to actual expenditure incurred from year to year.
Commutated Maintenance	(1,155)	0	(98)	26	(1,227)	Revenue contribution from developers /section 106 agreements to provide for future maintenance over a period of years
PCC Earmarked Reserves for policy/future liabilities						
Accommodation Reserve	(1,812)	0	0	0	(1,812)	To meet costs of repairs to Office Accommodation. The fund will be used to support the wider accommodation strategy.
Insurance and Risk Management Reserve	(1,228)	229		49	(950)	To meet any unforeseen/increased costs of insurance claims or works to minimise insurance risk. The fund is available to meet the costs of urgent health and safety works that cannot be contained within existing budgets.
Budget Carry Forwards	(1,163)	30	(598)	464	(1,267)	Reserve set up from end of year budget underspends to meet future Council priorities. This reserve will generally be utilised in full in the following year but may be supplemented as part of Closedown following assessment of future risks and budget pressures. The reserve is kept under review and balances no longer required transferred to revenue or another reserves as appropriate.
JE contingency	(1,345)	0	0	1,293	(52)	Utilised in 2010/11 budget to fund successful appeals
Pensions Fund	(238)	0	(850)	0	(1,088)	Following the triennial pensions review the council's contribution rate has been held at current levels for the next three years. However, this is on the understanding that contributions into the fund remain at least at 10/11 levels. Any shortfall will require a one off lump sum payment in year 3. Given further outsourcing, transfer of schools to academies and the anticipated reduction in workforce, it is likely that a shortfall will be incurred.
Redundancies	(582)	0	(2,549)	521	(2,610)	To meet potential costs of redundancies, including strain payments to the pension fund.
Budget carry forward 2010/11 (subject to approval by Cabinet)	0		(800)		(800)	Budget provision 2010/11 outturn for Americas Cup, schools demolitions and procurement contingency
Urban Enterprise Fund	(367)	0	(174)	18	(523)	Match funding to ensure that Plymouth gains access to the European funding available to the region to support Urban Enterprise.
Corporate Priorities	(2,298)	1,425	0	376	(497)	Fund used to support the Councils Corporate Priorities. The commitments against this fund will be reviewed as part of the budget and performance monitoring process and any surplus balance will be transferred to the Invest to Save Reserve

Movement in Reserves 2010/11

	Balance as at 31/03/10	Transfer of Bal to Invest	Transfers to Reserves	Transfers from Reserves	Balance as at 31/03/11	Purpose of reserve
	£'000		£'000	£'000	£'000	
PCC Earmarked Reserves for policy/future liabilities (cont)						
HRA gas servicing ex-gratia payments	0	0	(1,005)	0	(1,005)	Reclassification from a provision. This reserve will meet the costs of any further refunds in respect of HRA gas servicing charges levied in error.
Capital Financing Reserve	(975)	0	0	0	(975)	To be used to support the capital programme and potential shortfall in capital receipts
Job Evaluation/Equal Pay	1,493	0	0	0	1,493	To support the ongoing JE appeals process as well as potentially increased revenue costs if current claims are successful at tribunal. A sum of £0.350m has been set aside. In accordance with accounting regulations a provision for potential claims must be set up, but Capital Financing Regulations only require the Council to actually charge the revenue accounts when claims are actually paid. The provision is therefore offset by a negative reserve entry of £1.843m giving a net negative reserve of £1.493m
Strategy for Change (BSF)	(250)	250	0	0	0	Reserve balance transferred to invest to save reserve following cancellation of BSF programme by the Government
Invest to Save Reserve	0	(2,262)	0	0	(2,262)	Reserve set up using balances released from other reserves. To be used to support/pump prime invest to save initiatives to deliver budget savings over the medium term.
Recovery costs - Icelandic Banks	(131)	0	(23)	52	(102)	Allowance for investment losses of the money invested in the Icelandic banks. Reserve currently meeting the ongoing legal costs and borrowing costs from utilising the capitalisation direction in 09/10.
Grants carryforward	0	0	(3,071)	0	(3,071)	Under IFRS all grant income must be released to revenue unless there are pay back conditions attached. Previously unspent balances at year end would have been carried forward as a creditor accrual. This is no longer permitted and authorities are required to use their locally approved reserve mechanisms to carry balances forward. This reserve therefore reflects unspent balances on ringfenced grant income at the year end, where there are continuing commitments.
Waste Balancing Reserve	(1,500)	0	(900)		(2,400)	Reserve set up to proactively provide and manage the future budget shortfall due to increasing landfill tax liability pending the new energy from waste plant becoming operational.
Other Ringfenced Reserves						
DRCP	(1,164)	0	(161)	153	(1,172)	Reserve set aside to meet future expenditure in Devonport, in lieu of grant funding in 2007/08, and fund DNM post
Commercial rents sinking fund	(73)	0	(85)	100	(58)	RDA rents sinking fund Tamar House
CDC Legacy Reserve	0		(412)	0	(412)	Reserve set up to continue the activities previously provided by the Company including branding of the city as part of Positively Plymouth. The reserve includes funds provided by RDA and HCA.
A386 Park & Ride Leased Spaces	(622)	0	0	44	(578)	Upfront payment from PCT for leased spaces at George Park and Ride site. Released to revenue annually in lieu of rental income
Other Reserves	(688)	328	(118)	(10)	(489)	All reserves have been reviewed and confirmed as required to meet specific policy commitments
Sub Total Earmarked Reserves	(23,772)	0	(15,193)	7,935	(31,030)	
General Fund Working Balance	(11,517)	0	(250)	355	(11,412)	General Balance available to meet unforeseen expenditure. This balance represents 5.5% of net revenue expenditure and is in line with the approved MTFS
HRA Working Balance	(1,792)	0	0	1,792	0	Balance after statutory adjustments- differs from report which is based on management accounts
Total Reserves	(37,081)	0	(15,443)	10,082	(42,442)	

Movement in Provisions 2010/11

Provision	Balance at 31/03/10	Provisions made in year	Provisions used in year	Balance at 31/03/11
	£000			
Insurance Fund	(6,091)	(3,557)	3,275	(6,373)
Redundancy Provision	0	(178)		(178)
Backdated Equal pay claims* ¹	(3,330)	0	2	(3,328)
Rents Collection Account * ²	0	(171)		(171)
HRA Gas Servicing Ex-Gratia Payments * ³	(1,005)		1,005	0
Liability for BMW Landfill Usage	0	(737)		(737)
Provision for Repayment of Grant	(327)	327		0
Total General Provisions	(10,753)	(4,315)	4,283	(10,785)
Total Provisions For Bad Debts	(10,268)	(1,065)	855	(10,477)

Notes**Back dated equal pay claims *1**

Please note this provision is made up of two separate elements:

1. Claims submitted prior to 31 March 2008- provision funded from Capitalisation Direction- balance £1.485m

2. Claims submitted from 1 April 2008- charged to accounts in accordance with statutory accounting requirements but backed out via Regulations to a (negative) back dated equal pay Reserve Account (£1.843m). The actual costs of equal pay claims are not required to be charged to the revenue account until actual payments are made.

Rents Collection Account *2

A new provision has been set up in year relating to prepaid housing rents retained by the authority on stock transfer. Former tenants continue to have a claim against the Council for refund of these amounts. The balance on the provision was previously carried in the balance sheet as a creditor.

HRA Gas Servicing Ex-Gratia Payments *3

The provision was originally set up to meet the costs of refund of HRA service charges levied in error. The account has been reclassified under IFRS accounting regulations as a reserve.

DETAILED VARIATION ANALYSIS FOR CAPITAL MTFF 2011/12 - 2013/14

Scheme Name	Comments	2011/12				2012/13				2013/14				TOTAL			
		New Approvals	Re-profiling	Virements	Variation	New Approvals	Re-profiling	Virements	Variation	New Approvals	Re-profiling	Virements	Variation	New Approvals	Re-profiling	Virements	Variation
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Development:																	
Transport:																	
Various Transport Minor Infrastructure works (Tranche 2):																	
Real Time Passenger Information (RTPi) - ASDA stores Leigham	100% funded from s106	8,000		1,608									8,000	0	1,608	0	
RTPi - ASDA stores Leigham	virement of S106 resources from Leypark Drive project			(1,608)									0	0	(1,608)	0	
RTPi - at Ernesettle	100% funded from s106	10,000											10,000	0	0	0	
RTPi - in Millbay regeneration area	100% funded from s106	30,000											30,000	0	0	0	
Bus boarders - North Hill	100% funded from s106	10,775											10,775	0	0	0	
Bus stop imps - Mount Wise/Mutton Cove	100% funded from s106	25,000											25,000	0	0	0	
Pedestrian imps - Tavistock rd	100% funded from s106	4,000											4,000	0	0	0	
Virement of Unallocated Integrated block & Capitalised Mfice to individual schemes 2011/12:																	
Public Transport:																	
Traveline				60,000									0	0	60,000	0	
Smart ticketing				80,000									0	0	80,000	0	
Train station access imps				100,000									0	0	100,000	0	
Regen & Renewal:																	
Neighbourhoods safety and minor works				75,000									0	0	75,000	0	
Road Safety:																	
20 mph zones "Access Whiteleigh scheme"				180,000									0	0	180,000	0	
Walking & Cycling:																	
Community Cycle Network 2011 - 13	Total project £810k funded by LTP £450k Sustrans grant £360k. 2011-13			225,000	285,000		225,000	75,000					0	0	450,000	360,000	
Demand:																	
Access to Life Centre				150,000									0	0	150,000	0	
Capitalised Maintenance:																	
Structural maint.				850,000									0	0	850,000	0	
Highway maint & essential engineering				1,820,000									0	0	1,820,000	0	
Street Lighting				50,000									0	0	50,000	0	
East End Major Transport works	Realignment of timing of scheme costs		(2,500,000)				2,500,000						0	0	0	0	
Strategic Housing Programme:																	
Disabled Facilities Grant	2011/12 allocation more than predicted - notification received post 28.02.11. Overall Strategic housing resources have been vired between projects and reprofiled across the 2011 - 14 period.		(337,115)		93,000		141,128	93,000			195,987	93,000	0	0	0	279,000	
Disabled Facilities Grant	Additional awards				8,435								0	0	0	8,435	
Disabled Facilities Grant	Section 106 resources secured to support Housing Capital programme				50,334			50,333					0	0	0	151,100	
Strategic Housing Programme	Additional resources provided from revenue account (R.C.C.O)				164,000			164,000					0	0	0	442,141	
Strategic Housing Programme	Additional resources provided from the accumulation of former years "Owners Contributions" to works				105,448								0	0	0	105,448	
Stepping Stones to Nature	Additional Forestry Commission contribution of £56k. Change in rate of Lottery grant approval to support Capital expenditure £44k. Removal of (£20k) revenue funding				61,781			23,186				(5,000)	0	0	0	79,967	
Public Transport initiative 1 - Local Road Network, Park and Ride & Parking asset management	Local Road Network, Park and Ride & Parking asset management. This project will be financed from the enforcement of the chattels Mortgage from the original Df grant conditions (relating to the purchase of 6 buses for the George Junction Park and Ride), which required First to pay this sum if retaining the buses	199,762											199,762	0	0	0	
Public Transport initiative 2 - Management of the interface between Plymouth's local and strategic road network.	Management of the interface between Plymouth's local and strategic road network. This project will be financed from the enforcement of the chattels Mortgage from the original Df grant conditions (relating to the purchase of 6 buses for the George Junction Park and Ride), which required First Bus Company to repay this sum if retaining the buses	461,000											461,000	0	0	0	
Concessionary Fare pass Reissue	Reprofiling of grant funding previously anticipated to be required in 2012/13. Project no longer meeting capital definition. Spend, forecasts and grant 2010/11 - future years now transferred to revenue. This is in accordance to grant terms and conditions.		4,473		(25,000)		(4,473)	(6,527)					0	0	0	(31,527)	
Community Services:																	
Colwill Lodge	Increase in project costs following tendering to be financed from unsupported borrowing				71,933								0	0	0	71,933	
ASC Grant - Major Adaptations	DFG commitment financed from revenue £40,761				40,761								0	0	0	40,761	
Adults' Personal Social Services Capital Grant (DoH) 11-12, 12-13	Grant now incorporated as part of Care First scheme				(674,072)			(690,849)					0	0	0	(1,364,921)	
Modernisation of Mental Health Services (Mental Health Grant)					(703)								0	0	0	(703)	
Brickfields - New Events Area	Additional Tariff Income re Brickfields project				19,859								0	0	0	19,859	
Horsham & Staddiscombe Sports Improvements	New Approval - Fully S106 funded. PCC Land. Works involve improving playing pitches and extending car parks	130,000											130,000	0	0	0	
Plympton Library	Financing of Plympton Library from a virement from the Plymouth Life Centre project contingency			274,000													
Plymouth Life Centre	Financing of Plympton Library from a virement from the Plymouth Life Centre project contingency			(274,000)													
Childrens Services:																	
Basic Need	Funded from S106 monies	535,783															
Basic Need - Phase 1	Third year of phase 1 projects									1,021,000							
Stoke Damerel - changing rooms & car park	Funded from S106 monies	90,931															
Ford Primary - Works to classrooms & hall	Funded from S106 monies	31,927															
Stuart Road - Fire escape works	Funded from S106 monies	60,000															
Estover CC - Campus & Replacement College	Additional funding from English Cricket Board				91,670												
Yealmpstone Farm - Remodelling project					4,155												
Prince Rock - Kitchen improvement					33,049												
Longcause - Specialist Status Sports Hall					30,000												
Schools Devolved Capital					(28,916)												
Total Changes in April 2011 and May 2011		1,597,178	(2,832,642)	0	330,734	0	2,636,655	0	(291,857)	1,021,000	195,987	0	252,574	878,537	0	3,815,000	161,493

Housing Revenue Account year ended 31 March 2010 - Residual Costs

Management Accounts Summary	Outturn to 31 March 2011	Comments
INCOME	£000	
Rents - Dwellings	5	
Rents - Other	(53)	Part year income from Residual land and commercial rent property prior to appropriation to General Fund October 2010
Charges for Services & Facilities	1	
Interest Receivable	(4)	Mortgage Interest
Subsidy Receivable	73	Prior year adjustment to subsidy following final amending subsidy Determinations 09/10
TOTAL INCOME	22	
EXPENDITURE		
Repairs - HRA	39	Retention payments on revenue contracts relating to pre transfer date
Management	100	Mainly residual utility bills and Council tax payments relating to pre transfer periods. Officers continue to work with utility companies and PCH to agree final liability for amounts relating to pre transfer dates.
RCCO	0	
Capital Charges	159	Prior year adjustment re interest chargeable following final amending Item 8 Determinations 09/10
Rent Rebates - Transfer to GF	0	
Provision for bad debts	(120)	Reduction in debt outstanding at 31 March 2011
TOTAL EXPENDITURE	178	
(Surplus)/Deficit	200	
SUMMARY OF BALANCES		
Final (Surplus)/Deficit	200	
HRA Working Balance at Start of Year	(1,792)	
Working Balance at year end to transfer to General Fund	(1,592)	