

CITY OF PLYMOUTH

Subject: Corporate Plan 2012 -15, Revenue and Capital Budget 2012/13 and Proposed Council Tax Levels

Committee: City Council

Date: 27 February 2012

Cabinet Member: The Leader and Councillor Bowyer

CMT Member: Chief Executive and the Director for Corporate Services

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Key Decision: No

Part: I

I.0 Executive Summary:

- I.1 The Corporate Plan and Revenue and Capital Budget comprises the following reports, as presented to Cabinet 7 February 2012 -
- Corporate Plan 2012 - 2015
 - 2012/13 Updated Draft Budget (Revenue and Capital) allocated to corporate priorities
 - Treasury Management Strategy Statement and Annual Investment Strategy 2012/13
- I.2 These reports supplement and complement each other. They set out the Council's vision and how we have allocated our resources to match our priorities. Readers should refer to the reports for the detail. It should be noted that the Treasury Management Strategy Statement and Annual Investment Strategy 2012/13 is included as it has updated changes to the Prudential Indicators.
- I.3 Consultation on the budget proposals has been undertaken, including with the people of Plymouth via our on-line survey. The information formed part of the documentation fed into the public budget scrutiny sessions by the Overview and Scrutiny Management Board on 11, 16 and 18 January 2012. The recommendations arising from these sessions are appended to this report.

- I.4 The Council continues to improve how it communicates with Partners and the public in relation to its budget setting and spending plans.
- I.5 The Treasury Management Strategy for 2012/13 was subject to scrutiny by a sub-committee of the Audit Committee on 27 January 2012. The Audit Committee on 27 January 2012 and Cabinet 7 February 2012 agreed the Treasury Management Strategy and Investment Strategy and recommended the report for approval by Council.
- I.6 Cabinet considered the corporate plan and draft budget on 7 February 2012 and the minutes are attached at Appendices B and G.
- I.7 The updated spending plans presented on 7 February detailed a net budget requirement of £204.5m against total resources available of £203.7m. Following final analysis of all grants, there remains a funding shortfall of circa £0.800m for which we are developing final plans to address.
- I.8 This is after assuming income of £2.4m from either a 2.5 per cent increase in Council Tax, or a freeze and acceptance of the Government's Council Tax Freeze Grant, equivalent to a 2.5 per cent rise.
- I.9 Officers and Cabinet continue to work through all areas in conjunction with the original budget allocations to ensure we have the correct alignment of resources to priorities. We will continue to work up plans to present a balanced budget to Council for sign off on 27 February 2012.
- I.10 Currently, officers are working up new Budget Delivery Plans around two areas. Following the review of the Senior Management structures at both director and assistant director levels, we are reviewing the savings which can be achieved by de-layering the third and fourth tier management structures. In addition, officers are working up plans to achieve budget savings from moving further transactions from across the Council into both the customer centre and transactions centre.
- I.11 At the time of preparing this budget, the Council has announced its intention to move from a five to a three directorate model progressively from 1 January 2012. The final proposed budget report for Full Council on 27 February 2012, for comparative purposes, will be structured around the existing directorates.

2.0 Tax Level:

- 2.1 At this stage, the Council has not declared its position in regard to whether to freeze the Council Tax for a second year, and accept the Government's one-off Council Tax Freeze Grant for 2012/13. This would be equivalent to a 2.5 per cent increase which equates to funding of £2.398m. For purposes of this budget report, the assumption is additional income of £2.398m could be available through either freeze or 2.5 per cent increase and is therefore included in the calculations at this stage.
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- 2.2 The final decision on whether to increase the Council Tax, or freeze for the second year and accept the Government's one-off Council Tax Freeze Grant will be decided at Full Council on 27 February 2012.
- 2.3 Every effort is being made to maximise efficiencies, minimise any Council Tax increase, and if possible freeze Council Tax for a second year. The final version of the Council tax resolutions will be tabled at Council on 27 February 2012.
- 2.4 The Police Authority and the Fire Service are both holding meetings on 17 February 2012 to approve their tax increases, which is after publication of this report. In the event of either or both authorities setting a different precept amount, the changes will be reflected in revised Council Tax amounts which will be tabled at Council.

3.0 Corporate Plan 2012 – 2015

- 3.1 The Corporate Plan focuses on the vision for the city and the Council and the four shared priorities with partners, together with a range of supporting outcome measures. Whilst in incredibly challenging times financially, a number of major items were highlighted to be delivered during the period of the plan, for example –
- adult social care transformation;
 - health integration;
 - early intervention and prevention, including trouble families;
 - tackling worklessness and unemployment;
 - delivering some key elements of the growth agenda, particularly around rail and broadband connectivity;
 - working with other organisations to reduce costs and improve services;
 - transforming working practices and improving customer contacts.
- 3.2 It also summarises the Council's financial position in line with the December indicative budget, the public budget consultation, partnership input and the overview and scrutiny focus.
- 3.3 The plan as appended has been updated to reflect the latest Medium Term Capital Forecast which was accepted by Cabinet on 7 February 2012 and recommended to the City Council for approval.
- 3.4 The plan will need to be amended further to reflect the final approved budget.

4.0 Capital Medium Term Forecast and Funding

- 4.1 The Capital Delivery Board has recently considered, and prioritised, a number of other new capital investment projects that deliver outcomes against corporate priorities. These schemes were considered at Cabinet on 7 February 2012 and are set out in Appendix C for approval by Council -

- 4.2 Subject to approval of the above, the following updated programme is based on known projects and funding streams. The council will remain proactive at optimising external grant funding wherever possible in order to continue significant capital investment in the city. The Council has adopted a four year Capital MTFF aligning it with the number of years over which the revenue MTFF is based. The programme will grow in future years when we receive more certainty around future funding streams.

	2011/12 Revised £000	2012/13 Revised £000	2013/14 Revised £000	2014/15 Revised £000	Total £000
Children's Services	15,727	25,431	15,987	5,948	63,093
Community Services	26,951	9,012	1,155	1,062	38,180
Corporate Support	7,662	6,547	521	0	14,730
Development & Regeneration	28,321	9,731	11,135	7,871	57,058
	78,661	50,721	28,798	14,881	173,061

Funding Source	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Capital Receipts	20,126	9,955	5,077	0	35,158
Unsupported Borrowing	19,528	5,195	0	0	24,723
Supported Borrowing	277	47	0	0	324
Grants & Contributions	33,574	33,177	23,472	13,294	103,517
S106 / Tariff	1,857	957	51	1,250	4,115
Revenue & Funds	3,299	1,390	198	337	5,224
Total	78,661	50,721	28,798	14,881	173,061

5.0 Revenue Out-turn 2011/12 and impact on reserves:

- 5.1 The latest budget monitoring position, as at the end of December 2011, shows a forecasted year end overspend of £0.454m.
- 5.2 Directors have enacted a number of delivery plans within the current financial year to drive through budget savings. Directors will continue to reduce spend up to 31 March 2012 and we are confident we will achieve a breakeven outturn result.
- 5.3 If directors and departmental management teams are unable to achieve reduced spend to balance the budget by 31 March 2012, any residual amount would have to be funded through working balances.
- 5.4 In compliance with our Medium Term Financial Strategy, we aim to retain the Council's working balance at a level exceeding 5 per cent of net revenue budget. Our forecast working balance at 31 March 2012 is £11.5m which is approximately 5.5 per cent of our 2012/13 net revenue budget.

6.0 Medium Term Financial Strategy & Budget Book:

- 6.1 The Medium Term Financial Strategy (MTFS) was approved by Council on 20 June 2011. The strategy will be further revised and updated following approval of the 2012/13 revenue and capital budget, and the setting of the Council Tax for the coming year.
- 6.2 Within this strategy, we will retain our focus on providing strong financial management, driving value for money and efficiencies, promoting accountability and ownership, managing risks effectively and continuing to improve our income collection rates.
- 6.3 In support of this budget, as in previous years, the Council will produce a detailed budget book which will be published by 31 March 2012.

7.0 Treasury Management Report

- 7.1 The Treasury Management report outlines the Council's Prudential Indicators for the next three years as required by the Local Government Act 2003, together with the MRP policy for 2012/13 required under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

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

Once approved the 2012/13 budget will become the base year for the Medium Term Financial Strategy (MTFS) 2012-15.

The MTFS will be revised and updated in the light of the final 2012/13 budget and settlement implications.

9.0 Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion

The revenue and capital budget report refers to headline risks and equality issues. All departmental delivery plans are covered by Equalities Impact Assessments, signed off by the relevant director. Each delivery action has considered the impact on: council priorities, legal obligations, customers and other services and partners. Each separate action has been risk assessed in terms of potential barriers to implementation with corresponding mitigation stated where relevant.

10.0 Recommendations and Reasons for recommended action:

10.1 In compliance with legislation, it is the responsibility of the Council's Section 151 Officer to recommend a balanced and robust budget for approval. The recommendations from Cabinet are attached at appendices F and I.

10.2 Council is requested to –

Corporate Plan 2012 -2015

- (1) adopt the Corporate Plan 2012 -2015 subject to agreement on any minor amendments and editorial design changes being delegated to the Leader and Chief Executive and to reflect the final approved budget.

Revenue and capital budget and Council Tax

- (2) approve the new capital schemes for investment amounting to £0.056m in 2011/12 and £2.026m for future years as set out in Cabinet minute 117a;
- (3) approve the four year capital programme (2011/12 – 2014/15) of £173.061m;
- (4) approve the proposed net revenue budget requirement for 2012/13 to be tabled on 27 February 2012;
- (5) it is noted that on 13 December 2011 the Cabinet calculated the Council Tax Base 2012/13 for the whole Council areas as 77,271 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")];
- (6) calculate that the **Council Tax requirement** for the Council's own purposes for 2012/13 is £tbc;
- (7) that the following amounts be calculated for the year 2012/13 in accordance with Sections 31 to 36 of the Act:
 - (a) £tbc being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (**Gross Expenditure and Transfers to Reserves**)
 - (b) £tbc being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (**Gross Income and Transfers to Reserves**)
 - (c) £tbc being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its **Council Tax requirement** for the year. (Item R in the formula in section 31B of the Act)
 - (d) £tbc being the amount at 7(c) above (Item R), all divided by Item T (5 above), calculated by the Council, in accordance with Section 31B of the Act, as the **basic amount of its Council Tax** for the year

(8) to note that the Police Authority and the Fire and Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the tables below.

(9) that the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2012/13 for each part of its area and for each of the categories of dwellings.

Plymouth City Council

A	B	C	D	E	F	G	H
Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc

Devon & Cornwall Police Authority

A	B	C	D	E	F	G	H
Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc

Devon & Somerset Fire Authority

A	B	C	D	E	F	G	H
Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc

Aggregate of Council Tax Requirements

A	B	C	D	E	F	G	H
Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc

(10) that having considered the principles approved by the House of Commons on the 8 February 2012 under 52ZB of the Act, the Council's relevant basic amount of council tax for 2012/13 is not excessive (tbc).

Treasury Management Strategy Statement and Annual Investment Strategy 2012/13

- (11) approve the Treasury Management Policy Statement as submitted in Appendix A to the written report to Cabinet;
- (12) approve the Treasury Management Strategy Statement for 2012/13;
- (13) approve the Investment Strategy for 2012/13 as set out in Sections 8 and 9 of the written report including the use of specified and non-specified investments;
- (14) approve the lending organisations and counterparty limits as set out in Appendix D to the written report;

- (15) approve the prudential indicators as set out in the written report covering the revised indicators/limits for 2011/12 and the forecasts/limits for 2012/13 to 2014/15;
 - (16) approve the authorised borrowing limits of £309m, £284m and £274m for the period 2012/13 to 2014/15;
 - (17) approve the operational boundary of £279m, £268m and £259m for 2012/13 to 2014/15;
 - (18) approve the minimum revenue provision for debt redemption policy for 2012/13.
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11.0 Alternative options considered and reasons for recommended action:

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

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

12.0 Background papers:

- Finance Settlement Papers Department of Communities and Local Government (CLG)
- The Prudential Code for Capital Finance in Local Authorities
- Equality Impact Assessments
- The Local Government Act 2003 and The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- 2011/12 Budget / Prudential Code Working Papers
- Medium Term Financial Strategy
- Capital Financing Regulations
- Indicative 2012/13 Budget Report to Cabinet on 7 December 2011

Appendix A – Updated draft Corporate Plan 2012 – 2015 (following Cabinet on 7 February 2012)

Appendix B - Cabinet minute 116 on the Corporate Plan 2012 – 2015

Appendix C - Cabinet minute 117a - new capital schemes for investment from the performance and finance report

Appendix D - Medium Term Capital Programme 2011/12 – 14/15

Appendix E - Cabinet minute 115 on the Budget and Corporate Plan Scrutiny Report 2012/13 together with Cabinet's response to the recommendations

Appendix F - Budget and Corporate Plan Scrutiny Report 2012/13

Appendix G - Cabinet minute 119 on the 2012/13 updated draft budget (revenue and capital) allocated to corporate priorities

Appendix H – Cabinet report on the 2012/13 updated draft budget (revenue and capital) allocated to corporate priorities

Appendix I - Cabinet minute 118a on Treasury Management Strategy Statement and Annual Investment Strategy 2012/13

Appendix J - Cabinet report on Treasury Management Strategy Statement and Annual Investment Strategy 2012/13

Sign off

Fin	MCI112.022	Leg	THOO 38	HR	n/a	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member: Malcolm Coe											