

CITY OF PLYMOUTH

Subject: Performance and Finance Report (including Capital Programme update)

Committee: Cabinet

Date: 11 September 2012

Cabinet Member: Councillor Lowry

CMT Member: CMT

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Key Decision: No

Part: 1

Executive Summary:

This report is the first monitoring report for 2012/13 and outlines the performance and finance monitoring position of the Council as at the end of June 2012.

This report is also the first under the new Administration, and the last in its current format. It will be replaced by a shorter, more focused report. It will continue to focus on the overall financial position for the Council, but will clearly link the financial position relative to the new administration pledges. The report will set out the variances to the budget; explain the impact of the variances on the full year financial position; and most importantly set out the countermeasures.

The primary purpose of this report is to detail how the Council is delivering against its key indicators in terms of performance, and its financial measures using its capital and revenue resources. It is deliberately strategic in focussing on key areas of performance, expenditure, and risk.

Performance summary

Performance indicators used in this report represent Plymouth City Council's contribution to delivering the citywide priorities of Growth, Aspiration, Inequalities and Value for Communities.

The overall performance position at the end of the first quarter is as follows; 50% of our performance indicators monitored in year are on track, with a further 25% just off track. Therefore, despite the difficult circumstances we are currently facing, we can report 75% of our performance indicators are there or there about on target.

Finance summary - Revenue

The Council is currently forecasting a revenue over spend at year end of £1.789m against a net revenue budget of £203.765m. This equates to a net spend of £205.554m which is a variance of 0.9%. This assumes no corrective action, in fact officers have been tasked with working with the relevant portfolio holders to identify options for delivering a balanced budget

Table 1 End of year revenue forecast

	Latest Approved Budget £000	Forecast Outturn £000	Variance £000
Total General Fund Budget	203,765	205,554	1,789

Finance summary – Revenue Delivery Plans

Work continues to progress the revenue delivery plans set out for 2012/13, with details within each directorate section of the report.

Finance summary - Capital

In the budget report taken to full Council in Feb 2012, the 2012/13 Capital Programme stood at £51.121m. Following approval of new schemes, re-profiling and variations at Full Council in April and June 2012, the capital programme for 2012/13 was £58.379m however the latest forecast at the end of June 2012, is now £59.943m. Full details are contained in Section 3.5 and Table 5.

Corporate Plan 2012-2015:

This quarterly report is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

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

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Plan. The Council's Medium Term Financial Forecast is updated regularly based on on-going monitoring information.

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

The reducing revenue and capital resources across the public sector has been identified as a key risk within our Strategic Risk register. Equality Impact Assessments have been undertaken on the Delivery Plans that underpin the 2012 13 budget.

Recommendations & Reasons for recommended action:

That Cabinet:-

1. Note the forecasted overspend for the year against budget of £1.789m and the performance contents of this report, and ensure Portfolio Holders and Officers continue to work closely together to improve performance and take corrective action to deliver a balanced budget position.
2. Approve the re-profiling and variations (reductions) of (£2.945)m in 2012/13 and (£8.576)m for future years to capital spend as detailed in Table 3
3. Recommend to Full Council the new capital schemes over £0.500m for investment as detailed in Table 4 amounting to £4.450m in 2012/13 and £4.450m for future years.
4. Approve the budget virements as detailed in Table 15 of the report
5. Approve the move to a revised, more focused finance report, clearly linking the finance position to the new administration pledges, and setting out the countermeasures for any significant variances.

Alternative options considered and reasons for recommended action:

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

Background papers:

- 2012 Plymouth City Council Corporate Plan
 - 2012/13 Budget Setting papers published in December 2011
 - 2012/13 Revenue & Capital Budget – February 2012
 - Joint Performance and Finance Report – June 2012
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Sign off:

Fin	Mc121 3.008	Leg	TH0 050	HR	MG1213/0 8001	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member M Coe											

Plymouth City Council
Performance and Finance Monitoring – 2012/13
Quarter 1 to 30 June 2012

I. Introduction

- I.1 With diminishing financial resources, it is fundamentally important that the Council maintains a clear focus on delivering progress against the identified corporate and city priorities, and the new administration pledges.
- I.2 Performance and Finance information, and associated Delivery Plans, are owned by Directors and their Management Teams. Much progress has been made in recent years to ensure that cross cutting priorities are delivered and that finance is allocated to areas of most importance to the public (e.g. protecting the delivery of front line services)
- I.3 This report outlines the progress against key performance indicators, forecasts the year end revenue position, provides details of progress against delivery plans and recommends updates to the council's capital programme. This is the first quarterly report of the year, and the period of this report covers April to the end of June 2012.
- I.4 This report contains the following sections and Appendices:-

Section 'A' – Executive Summary – Finance

- Revenue
- Capital

Section 'B' – Departmental Performance & Finance Report

Section 'C' - Concluding Remarks

Appendices

- Appendix A – Finance Monitoring Summary Graph.

SECTION A - EXECUTIVE SUMMARY – FINANCE

2. General Fund Revenue Budget

- 2.1 Council approved a net revenue budget of £203.765m for 2012/13 at its meeting on 27 February 2012. At the end of this first quarter, to the end of June 2012, we are reporting an over spend of £1.789m. Table 2 below shows the forecast year end position across directorates.

Table 2 End of year revenue forecasts

DIRECTORATE	Council Approved Budget Feb '12 £000	Budget Virements £000	Latest Approved Budget £000	Forecast Outturn £000	Monitoring Variation to 30 June 2012 £000
PEOPLE	122,620	1,210	123,830	124,419	589
PLACE	42,460	476	42,936	43,743	807
CORPORATE SERVICES	30,296	241	30,537	30,930	393
CHIEF EXECUTIVE'S OFFICE	1,901	366	2,267	2,267	0
CORPORATE ITEMS	6,488	(2,293)	4,195	4,195	0
TOTAL NET BUDGET	203,765	0	203,765	205,554	1,789

- 2.2 Further details of the variations are outlined in the individual Directors reports in Section B of this report.

Recommendation

- I. Cabinet note the forecasted overspend for the year against budget of £1.789m and the performance contents of this report, and ensure Portfolio Holders and Officers continue to work closely together to improve performance and take corrective action to deliver a balanced budget position.

2.3 Delivery Plans

In setting the budget for 2012/13, departmental delivery plans were agreed in order to achieve a balanced budget. Overall, progress has been made across the majority of these plans. The Red / Amber / Green (RAG) rating applied in this report have been robustly challenged.

Inevitably, throughout the year, original Delivery Plans will change due to changes in circumstances. Where such variations occur, initially it is the responsibility of the

sponsoring department to develop and implement alternative budget delivery plans and actions. Only where there is no planned remedial action to address a non performing delivery plan will a forecasted overspend be reported.

Major variations to delivery plans will be reported within individual departmental sections. It is imperative that Cabinet Members continue to challenge all Directors.

3. Capital Programme

- 3.1 In the budget report taken to full Council in Feb 2012, the 2012/13 Capital Programme stood at £51.121m. Following approval of new schemes, re-profiling and variations at Full Council in April and June 2012, the capital programme for 2012/13 was £58.379m however the latest forecast at the end of June 2012, is now £59.943m. These figures do not include the Tamar Bridge & Torpoint Ferry capital schemes of £1.626m that were approved by the Joint Committee and taken to PCC Full Council in January 2012.
- 3.2 Due to timing around the delivery of capital spend, and variations due to programme slippage, changes in priorities, contractor performance, ability to achieve capital receipt etc. we are now reporting the following changes to the timing of capital spend over the next four financial years:

Table 3 – Recommended Re-profiling and Variations to Capital Programme

2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Re-Profiling / Other Variations
				Re-profiling
(800)	800	0	0	Plymouth Life Centre - Ice Provision
(1,000)	1,000	0	0	Pilgrim- Basic Need
(1,092)	1,092	0	0	Mercury abatement equipment in Crematoria
(1,600)	400	1,200	0	History Centre (see 3.3 below)
30	(30)	0	0	Laira Green- Basic Need
79	(79)	0	0	Marine Academy Plymouth
				Other Variations
0	0	893	0	Disabled Facilities – projection of funding for 2014/15
242	0	0	0	Marine Academy Plymouth – additional works funded by schools
348	0	0	0	All Saints Academy Plymouth – additional works funded by schools
118	228	120	0	Plymouth Station Phase 3 – additional grant funding awarded
0	0	(1,000)	(13,200)	Eastern Corridor – changes to availability of future funding for block schemes
730	0	0	0	Other Variations (see 3.3 below)
(2,945)	3,411	1,213	(13,200)	Total Re-Profiling / Other Variations

- 3.3 The History Centre project is subject to option appraisal work, currently on-going, which is considering the suitability of the location, building etc. Other variations include potential additional costs associated with the on-going works at West Hoe Pier as additional voids have been found in phase one works and removal of soil bund within Central Park.

- 3.4 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 will be presented for approval at the next Full Council meeting in September 2012.

Table 4 – New Schemes to the Capital Programme

£000	£000	£000	£000	
12/13	13/14	14/15	15/16	
5	0	0	0	Weston Mill Garden S106
24	0	0	0	Plymstock - SEN Provision
30	0	0	0	Flood defence works - Burniston Close
59	0	0	0	Schemes Approved Through Delegated Powers
500	500	0	0	Health Income to fund Disabled Facilities *
3,950	3,950	0	0	University Technical College
4,450	4,450	0	0	Schemes to be Approved at September 2012 Council
4,509	4,450	0	0	Total of new Schemes

* Programmed to go to August Capital Delivery Board

- 3.5 The Capital Programme is always subject to variations, due to a number of different factors and these are reviewed each month through a financial report to the Capital Delivery Board.

Table 5 – Revised 2012/13 Programme following approvals at Full Council (September 2012)

	£000
Programme following approvals at Full Council June 12	58,379
Re-profiling for approval at September Cabinet (Table 4)	(4,383)
Variations / Virements for approval at September Cabinet (Table 4)	1,438
New Schemes for approval at September Council (Table 5)	4,450
New schemes already approved through delegated powers	59
Revised (Latest Forecast)	59,943

Capital Expenditure to Date

- 3.6 To date, we have spent £5.477m which equates to 9.14% spend against the revised estimated annual spend of £59.943m. Directorates are confident that they will be able to deliver the majority of the approved capital programme in year. Further re-profiling will be considered by the Capital Delivery Board in consultation with the cabinet member for finance, submitted to Cabinet and recommended to Full Council at monitoring stages.

Recommendations:

2. Cabinet approve the re-profiling and variations (reductions) of (£2.945)m in 2012/13 and (£8.576)m for future years to capital spend as detailed in Table 3.
3. Cabinet recommend to Full Council the new capital schemes over £0.500m for investment as detailed in Table 4 amounting to £4.450m in 2012/13 and £4.450m for future years.

Capital Receipts

- 3.7 There has been a decline in the availability of capital receipts over the last couple of years due to falling property and land prices and the use of assets in delivering wider employment and growth. The current Medium Term capital programme assumes generation of £17.167m receipts up to, and including, 2015/16 although current valuations show an estimated value of £14.168m (see 3.8) giving a potential shortfall of £2.999m.
- 3.8 The capital receipts now available to fund the programme (RAG rated) from the disposal of land and buildings are as follows:

Disposal of Land / Buildings	£m
2011/12 B/fwd	2.176
2012/13 Estimated Receipts	5.678
2013/14 Estimated Receipts	3.657
2014/15 Estimated Receipts	2.618
2015/16 Estimated Receipts	0.039
Total	14.168

- 3.9 The Council uses capital receipts as part of its funding streams however the timing of when the capital receipts are paid into the Council and when the programme delivery is requiring the receipts will never be a balanced position. As such, any temporary shortfall of required capital receipts will need to be funded by short-term unsupported borrowing that would be financed from the Capital Finance Reserve or the working balance, until such time as additional capital receipts are generated.

Capital Medium Term Forecast

- 3.10 Projecting forward the above changes across the next three financial years provides a projected capital programme as detailed in Table 7. This is the programme based on known projects and predicted 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 contains the predicted income lines from un-ringfenced government grants so is a stable prediction of the MTFF, however it is anticipated that this programme will grow in future years when we receive more certainty around future funding streams.

Table 6 – Capital Medium Term Forecast & Funding

	2012/13 Revised £000	2013/14 Revised £000	2014/15 Revised £000	2015/16 Revised £000	Total £000
People	37,992	23,498	7,612	1,982	71,084
Place	13,204	11,511	7,791	350	32,856
Corporate Services	8,747	1,346	750	500	11,343
Total	59,943	36,355	16,153	2,832	115,283

Funding Source	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Capital Receipts	9,615	6,352	1,200	0	17,167
Unsupported Borrowing	6,625	1,843	750	500	9,718
Supported Borrowing	107	0	0	0	107
Grants & Contributions	40,355	27,412	13,116	2,332	83,215
SI06 / Tariff	1,192	50	750	0	1,992
Revenue & Funds	2,049	698	337	0	3,084
Total	59,943	36,355	16,153	2,832	115,283

SECTION B – DEPARTMENTAL PERFORMANCE & FINANCE REPORT

4 People

4.1 Finance and Performance Summary; General Fund Revenue Forecast is an overspend £0.589m

Responsible Officers: Maggie Carter / John Searson / Dave Simpkins / Stuart Palmer

4.2 This report sets out the Finance position for the People Directorate, forecasting the year end position as at June 2012.

4.3 The revenue position is shown in the table below with the current year end forecast of £0.589m overspend (0.4% of net budget)

Table 7

Service	Latest Approved Budget £m	Forecast Year End Position £m	Variation at June 2012 £m
Children's Social Care	26.757	27.277	0.520
Joint Commissioning & Adult Health and Social Care	67.931	67.931	0.000
Education, Learning & Family Support	16.030	16.097	0.067
Homes & Communities	9.332	9.334	0.002
Programmes Director Projects	3.412	3.412	0.000
Management and Support	0.368	0.368	0.000
Total	123.830	124.419	0.589

4.4 People Context

Like the rest of the Council, services in the People Directorate are facing significant external challenges from welfare reform, the general state of the economy and the changing structure of the population which will see a continually ageing population on the one hand and, for the foreseeable future higher levels of young children. These demographic changes place high pressure on statutory social care services. In line with government policy the agenda for the Directorate is on strategic whole system transformation aiming to shift resources to spend more on:

- Really good, easy to access information, advice and advocacy to help more people to help themselves
- Accessible, low level practical help to avoid crisis and maintain independence
- Self- directed support through personal budgets and direct payments to reduce dependence on statutory services and achieve better outcomes for people and their families

All underpinned by high quality statutory services aimed at protecting the most vulnerable in society from harm and neglect and ensuring services are focused on delivering better outcomes for individuals.

Therefore our strategy is fourfold working with people, communities and partners to invest in:

- Universal services
- Early intervention and prevention
- Choice and control
- Social capital

4.5 **Children's Social Care**

Children's Social Care is projecting a year end adverse variation of £0.520m. The current overspend on Independent Sector Placements is being offset by savings within the In-House Foster Care Service. Plans are in place to reduce the Children in Care Service dependency on the Independent Sector as the number of In-House carers grow.

Delivery Plans have been reviewed with new plans put in place to address the shortfall in Children's Social Care. The Division are looking to reduce the remainder of the Delivery Plan £0.520m through additional savings identified by Service Managers within the financial year and this will continue to be monitored on a monthly basis.

Referrals to children's social care continue to rise. The 11/12 outturn number of 3609 was 20% higher than the 10/11 outturn. Numbers in the first quarter of this year are 20% higher than the same quarter last year. This has created workload pressures in our advice and assessment service. Action is being taken to mitigate this and our performance against initial assessment timescales despite an initial dip has now recovered and is holding steady, just below our annual target.

This increase in referral numbers has not, so far, led to a corresponding increase in the numbers of children subject to child protection plans or children in care that is often seen in such circumstances. This is likely due to the effectiveness of our family support services that are performing well in intervening to reduce need amongst these complex and vulnerable families. Currently child protection plans and children in care numbers are holding steady and we are therefore on track to meet our annual target. The issue however is that this could at any time change due to in year service demand and in meeting our statutory obligation to protect children. Caseload pressures are monitored weekly across all services. There is a particular focus on advice and assessment currently. We are reviewing the staffing establishment, addressing vacancies and utilisation of agency staff cover in this service.

A key dependency for children's social care in terms of stemming the increase in referral numbers is implementation of the early intervention and prevention strategy. This will increase family support capacity in the City to meet need earlier, improve outcomes and therefore reduce demand at the front door of social care. CAF activity is continuing to substantially increase with quarter one performance well over target. The early intervention programme plan will ensure deployment of resources such as the early intervention grant in specialist services for example, parent alcohol programme and domestic abuse services. This will address need at both the specialist and lower early intervention levels.

A high level of HR scrutiny has been in place to address attendance rates, including an attendance action plan. Specific issues identified include:

- a. high sickness levels within the Out of Hours service as various issues have been identified and addressed by a new service manager. Most issues are now resolved and attendance is improving.
- b. The I6+ team currently have a high level of employee issues impacting on attendance and absence case drift has been identified where managers need to work more closely with HR to improve the attendance.
- c. Monitoring caseloads, addressing vacancies and utilisation of agency staff cover, particularly within the Advice and Assessment service.

4.6 Joint Commissioning & Adult Health and Social Care

The department is divided into 3 distinct areas:

- Strategic Commissioning and contracting of a wide range of universal services, including information, advice, advocacy, early intervention and prevention for people who use services and their carers, and for residential care and housing related support.
- Direct service provision for vulnerable people eligible for Council support.
- Assessment and Care Management including statutory functions carried out through assessment and support planning services for individuals

The transformation programme covers everything we do and 2012/13 is a critical stage of implementation. The Assessment and Care Management Service completed the full implementation of the new personalised operating system in July which has involved a complete management restructure, introduction of a new IT system including the “paperless” office and mobile working for all front line staff; plus a new, free, up-front offer for all clients of a short term period of reablement to delay or avoid entry into long term care. The new systems offers personal budgets for all people eligible for on- going Council support.

The new service aims to operate without waiting lists: “doing today’s work today”. As all staff have undertaken a 6 day off line induction programme there have been anticipated reductions in performance due to reduced capacity over the last few months. An example of this has been a temporary increase in Delayed Transfers of Care during May. These figures are now improving. This has been mitigated by ensuring good communication with partners, particularly those in health.

The key national indicator that applies to the new operating system is NI 130 which requires councils to offer 100% of eligible service users a personal budget by March 2013. This is a stretch target for all Councils and the current trajectory is for Plymouth to reach 60% by March 2013 achieving 100% by September 2013. Currently we are on target to achieve this.

Throughout the period of the ASC restructure, which began in November 2011 there has been uncertainty for staff in terms of:

- the management recruitment and selection process,
- the new operating model
- line management arrangements

This period of major service change has for some staff manifested itself in a higher level of sickness. There will be a further period of bedding down the new structure, however the management arrangements that are now in place are focused on managing and maintaining staff attendance at work.

There is positive evidence across the service of the use of the Managing Attendance Policy with a number of cases progressing to capability hearings. In addition a number of high absentee staff continue to be managed effectively and in some cases this has resulted in dismissal.

4.7 Education, Learning and Family Support

Education, Learning and Family Support is projecting a year end adverse variation of £0.067m which relates to the Hoops 4 Health contract renewal. Hoops 4 Health is the Plymouth Raiders' basketball teams' community scheme, now in its third year and a £0.067m contract has been signed with Plymouth City Council for this financial year. It is anticipated that this and the red delivery plans for this area will be contained by maximising the use of grants and other budget reductions in this department which will be finalised in the next few months. NEET performance is on track to deliver the 2012/13 target of 7.9%. However, it will not be fully known whether this can be maintained until current school leavers enter the labour market and further education in September. Following rigorous support and challenge of primary schools failing to meet floor standards it is likely that the number falling below national expectations will be dramatically reduced. Provisional results will be available in September. Education, Learning and Family Support currently has the lowest absence rate within People Directorate. Average working days lost have been steadily reducing: 8.54 (April); 7.58 (May) to 7.22 (June) and the trend remains downwards. A comparison of long and short term sickness absence shows a slight increase in long term but a decrease in short term absences. However, there has been an increase in those cases entering the top 100. This issue is being addressed by managers who will be raising capability reports where appropriate. Recent appraisals have been used to ensure objectives secure better management of absence.

4.8 Homes & Communities

Homes and Communities is reporting a zero variation. Delivery Plans have been put in place in order achieve the target of £0.067m. Close monitoring of the high risk areas such as Bed & Breakfast payments and changes to income levels from Service Level Agreements to spot purchasing arrangements within the 'Family Intervention Service'. The direction of travel on sickness absence is downwards for this area with some long term sickness cases recently being resolved.

Across all Homes and Communities services we are reporting performance at on or above target for most indicators. Crime targets which were challenging have all come back into target with the exception of violent crime. However a concerted multi agency set of actions is in train led by ourselves and the police. ASB levels have been reduced by 30% on last year's figures

4.9 Programme Director Projects and Management & Support

There are no financial variations to report

4.10 Delivery Plans 2012/13

The People Directorate Delivery Plan totals **£7.044m** for 2012/13. The following table shows the summary position by Red Amber and Green rating (RAG).

Table 8

Service	£ 000's	£ 000's	£ 000's	£ 000's
	RED	AMBER	GREEN	Total
Adult Health & Social Care	0	3,651	950	4,601
Children Social Care	437	597	250	1,284
Education, Learning & Family Support	378	130	485	993
Homes & Communities - Safer Communities	0	0	27	27
Homes & Communities - Strategic Housing	0	0	39	39
Other	100	0	0	100
Grand Total	915	4,378	1,751	7,044

4.11 Schools

4.12 The Dedicated Schools Grant (DSG) position is reported to the Schools Forum each time that they meet. The latest reported position of May 2012/13 is attached.

4.13 The latest forecast shows a projected monitoring underspend of £0.252m for DSG funded activities which is in relation to Direct School Expenditure.

Savings reported on the Direct School Expenditure relates to:

1. The Department for Education has allowed local authorities to exclude insurance from the DSG recouped for academies. This is aimed at evening out inconsistencies across the country in the way insurance is treated. The saving is for one year only. From 2013/14 insurance will be included in the academies pupil led funding and recouped accordingly.

2. The adjustment of early years funding to reflect a higher number of children on the summer 2012 headcount.

4.14 Risks and Issues

1. Demographics and high cost packages in ASC
2. Income levels in sold services to schools and academies do not reach planned levels
3. Looked after children numbers increasing could result in higher costs of care if the early intervention and prevention strategy does not deliver change
4. Home Office transfer of financial responsibility for young offenders remanded to the local authority will have an impact on resources particularly around social worker and independent reviewing officer time.

5. Increasing cost pressures based on increasing demand and volume of people who are at risk of homeless or have significant housing needs
6. Transformation of ASC operational processes are in the transitional year which will need careful financial management
7. Utility costs relating to the Life Centre may be more than budgeted for and under the Leisure Management contract the Council would need to review performance.
8. Impact of Welfare reform on the ability to place homeless families is already starting to occur
9. Grants within the department need careful management to plan for potential reductions in future government spending reviews

4.15 Medium Term Issues

1. Reducing resources against raising expectations and demand
2. Changes to schools formula funding
3. The impact of Welfare reform
4. Level of grants available

5 Place

5.1 Finance and Performance Summary; General Fund Revenue Forecast is an overspend £0.807m

Responsible Officers: Jayne Donovan / David Draffan / Paul Barnard / Clive Perkin

- 5.2 This report sets out the Finance position for the Place Directorate, forecasting the year end position as at June 2012.
- 5.3 The revenue position is shown in the table below with the current year end forecast of £0.807m overspend (1.9% of net budget)

Table 9

Service	Latest Approved Budget £m	Forecast Year End Position £m	Variation at June 2012 £m
Economic Development	1.690	1.734	0.044
Planning	1.765	2.033	0.268
Transport & Infrastructure	14.496	14.976	0.480
Environmental Services	24.858	24.928	0.070
Strategic Waste	0.305	0.250	(0.055)
Business Support	(0.626)	(0.626)	0
Management and Support	0.548	0.548	0
Place Budget Savings	(0.100)	(0.100)	0
Total	42.936	43.743	0.807

5.4 Economic Development - £0.044m adverse variation

The first quarter has seen a sustained downward pressure on commercial rents with the continuing difficult economic climate and the double-dip recession. A number of tenants have ceased trading resulting in increased holding costs as well as reduced rental income. A number of rent reviews and lease renewals are currently under negotiation on west end retail units where final settlements of up to 30% reductions on current rental levels are expected, making current income targets unachievable as flagged up in budget preparation for 2012/13. There is also the additional pressure of £20,000 professional fees relating to the airport. The Land & Property Team continue to pro-actively manage the estate by seeking opportunities to maximise income from underutilised assets and offering competitive rentals and incentives to attract new occupiers to mitigate the current pressures.

A report on Youth Unemployment following a review by a scrutiny panel was taken to Cabinet in July. Cabinet approved all the recommendations including progressing work on an employability workshop, involving employers and education, later this year and to launch an initiative encouraging 1,000 companies in the city to take on at least 1 employee. A new Jobs Task Force was launched in July, which will produce a Plan for Jobs by December. It is chaired by the Leader, has a number of influential external members and is project managed by the Economic Development Team.

There is on-going support for city partners who are in dialogue with the LEP to access Growing Places Fund money for capital projects which support enterprise and new business creation.

Confirmation was received that our bid into the Coastal Communities Fund has successfully passed Stage 1. Stage 2 needs to be completed by September. Outcomes for Plymouth's Regional Growth Fund bids are expected in the autumn too.

In the private sector there have been a number of small-scale announcements of jobs being created and a major announcement of expansion by KPM [Kawasaki] which could create 100 jobs.

The Marine City Festival programme has been announced and it includes a business strand where as well as an Expo on the Hoe, the Economic Development Team will be arranging a visit by the Trade Minister to meet some of Plymouth's leading exporters and innovator companies.

A board has been formed to take forward the South West Marine Energy Park. The second edition of the Plymouth Economic Review was produced and published. The Council is in continued dialogue with the LEP about the how LEP can help bring more jobs and economic growth to the city. The ED Service is fully engaged with early internal discussions about the possibility of the Council pursuing a City Deal with Government in order to boost jobs and tackle deprivation.

5.5 Planning - £0.268m adverse variation

About £200K relates to costs associated with the North West Quadrant Public Inquiry. In addition, a shortfall of fees against budget of about £115K is currently projected given the continuation of the adverse economic climate, the impact of which is reduced by projected savings elsewhere.

5.6 Transport & Infrastructure - £0.480m adverse variation

The first few months has seen a number of increasing budget pressures, which include £150k from increased highway maintenance on pot hole repairs (additional DfT monies not forthcoming), £150k from rising street lighting energy costs, as well as c.£50k for CCTV due to loss of funding, following the end of the ten year funding for Devonport Regeneration Community Partnership. The period has also seen a drop in anticipated income from Parking of £100k due to poor economic climate and bad weather

5.7 Environmental Services - £0.070m adverse variation

This overspend, £70k external support costs for a procurement project, represents an unexpected pressure on the service and could therefore result in an overspend at year end. However the service will continue to try and offset this pressure with further efficiency savings.

The percentage of waste recycled, reused and composted this quarter (NI 191) is above target with cumulative performance at 34.05% against an annual target of 34%. The expanded garden waste scheme is providing results with compost tonnages 11% higher than the same period last year and the highest tonnage collected in this quarter since the service began.

There has been a positive downward trend in working days lost within Environmental services for the past year due to regular monitoring, wellbeing meetings etc. This has brought the average down from c18 days lost early in 2011 to just over 11 in the first quarter of 2012. Work is still ongoing to reduce this figure further

5.8 Delivery Plans 2012/13

The Place Directorate Delivery Plan totals **£1.4m** for 2012/13. The following table shows the summary position by Red Amber and Green rating (RAG).

Table 10

Service	£ 000's	£ 000's	£ 000's	£ 000's
	RED	AMBER	GREEN	Grand Total
Transport & infrastructure			300	300
Other	800		300	1,100
Grand Total	800	0	600	1,400

5.9 The following significant risks are assumed within the Delivery plan.

- The £0.700m red rated delivery plans against other refers to the Accommodation Strategy Phase I that includes Civic Centre. The Introduction of Phase 2 has reduced part of the pressure from delivery plan, The Council has set aside an accommodation reserve to cover maintenance issues around the Civic Centre and any pressures on the Accommodation Strategy project. It is likely this will need to be utilised to address at least some of this pressure.

- The other £0.100m red rated delivery plan refers to a new action to review Customer Contact Centre.

5.10 Risks and Issues

- The department is currently facing risks from achieving consistent levels of External Income from Car Parking, Planning Fee Income and commercial Rent. This is impacting on Service Delivery.
- There are also pressures from the Public Enquiry linked to North West Quadrant.
- Environmental Services are currently considering replacement mini-bus replacements and any delay in this could have a consequential effect on the amount of savings anticipated to achieve service delivery plans for the current year.
- The Accommodation Strategy also presents a risk for the department as highlighted above

5.11 Medium Term Issues

The economic climate provides continuing challenges to Income targets for the departments within Place, in order for it to achieve future commitments. Rising energy prices will continue to add pressures for street lighting, whilst premise costs continue to rise. Increasing waste disposal costs have been projected for the next few years as the cost of tonnage increases.

6. Corporate Services

6.1 Finance and Performance Summary; General Fund Revenue Forecast is an overspend £0.393m

Responsible Officers: Malcolm Coe / Dave Saunders / Mark Grimley / Tim Howes

- 6.2 This report sets out the Finance position for the Corporate Services Directorate, forecasting the year end position as at June 2012.
- 6.3 The revenue position is shown in the table below with the current year end forecast of £0.393m overspend (1.3% of net budget)

Table 11

Service	Latest Approved Budget £m	Forecast Year End Position £m	Variation at June 2012 £m
Finance, Efficiencies, Technology & Assets	19.267	19.267	0.000
Democracy & Governance	5.055	5.256	0.201
Customer Services	4.763	4.763	0.000
Human Resources & Organisational Development	3.226	3.428	0.192
Departmental Management	0.181	0.181	0.000
Corporate Services Budget Savings	(1.965)	(1.965)	0.000
Total	30.537	30.930	0.393

6.4 Finance, Efficiencies, Technology & Assets

The Procurement Delivery plan remains a challenge. The corporate buyer function is delivering revenue savings which is added to through re-negotiation of major contracts and developing specific areas of category management. We are forecasting delivery of the required £1m savings in 2012/13, but need to re-assess our ability to deliver the challenging targets set in future years.

At the end of the first quarter collection rates for Council Tax and NNDR are slightly off track. The cumulative collection rate for Council Tax at the end of June stood at 26.53% against a target of 27.06%. However, collection rates are slightly up when comparing the same period last year. The cumulative collection rate for NNDR stands at 36.11% against a target of 36.48%. However, collection rates are over £1m higher than the same period last year.

There was a reduction in processing days for new benefit claims to 22 days in June from 24 in May. Processing of new claims has now seen a month on month reduction since the end of the financial year when performance stood at 28 days. The service has been working on reducing a backlog of claims which has had some impact on processing changes of circumstances. This has been caused by needing to implement a new Department of Works and Pensions system. It is anticipated that the backlog will be significantly reduced over the next two months. A new online self-service and changed working practices along with an improvement plan will all contribute towards improving performance over the next quarter.

6.5 Democracy & Governance

The current estimate due to the additional police authority elections and the fact that the local elections didn't coincide with any national elections (allowing costs to be shared) is for a pressure of £0.2m

6.6 Human Resources and Organisational Development

The SAP replacement is budgeted to drive out savings and improvements which will cover the cost of borrowing. At this stage we are forecasting a pressure in the current year for borrowing costs of £0.192m. The next key date for phase I of the project is go-live in payroll in November 2012.

6.7 Customer Services

The target for library visitor numbers 2012/13 represents a 3% uplift on 2011/12 in anticipation of increased footfall to our libraries following the introduction of the Health and Social Care Hubs. The project is officially launched on October 1st and, although visitor numbers are down month on month to date, the significant increase in visitors during July from the previous months indicates a potential turn in this trend.

6.8 Delivery Plans 2012/13

The Corporate Services Directorate Delivery Plan totals **£3.257m** for 2012/13. The following table shows the summary position by Red Amber and Green rating (RAG).

Table 12

Service	£ 000's	£ 000's	£ 000's	£ 000's
	RED	AMBER	GREEN	Grand Total
Finance, Efficiencies, Technology & Assets		1,050	400	1,450
Customer Services			480	480
HR & OD	527		400	927
Change Office / Cross Cutting		300	100	400
Grand Total	527	1,350	1,380	3,257

6.9 The following significant risks are assumed within the Delivery plan.

- The £0.527m red rated delivery plan against 3rd and 4th Tier Management Restructure is subject to clear costings and implementation across Directorates. At this stage Corporate Management Team anticipate that some of this delivery plan will be achieved through restructures by the year end, but until consultations and final costings have been undertaken the exact amount in year is not known. The delivery plan will be achieved for future years, and officers are reviewing the level of vacancies that could offset this delivery plan in the current year.

6.10 Risks and Issues

- Welfare reforms
- Procurement delivery plans

6.11 Medium Term Issues

- Welfare reforms
- Changes to business rates and housing benefit administration
- Realisation of benefits from IT/Customer project

7. Chief Executive's Office

7.1 Finance and Performance Summary; General Fund Revenue Forecast is breakeven

Responsible Officers: Giles Perritt / Richard Longford

- 7.2 This report sets out the Finance position for the Chief Executive's Office, forecasting the year end position as at June 2012.
- 7.3 The revenue position is shown in the table below with the current year end forecast of breakeven.

Table 13

Service	Latest Approved Budget £m	Forecast Year End Position £m	Variation at June 2012 £m
Policy Performance and Partnerships	1.454	1.454	0.000
Corporate Communications	0.568	0.568	0.000
Departmental Management	0.346	0.346	0.000
Delivery Plans	(0.100)	(0.100)	0.000
Total	2.268	2.268	0.000

7.4 Executive Office Context

A new Chief Executive has now been recruited and will join the authority in the Autumn. The financial performance will be updated to reflect the actual implication of the change in Chief Executive in the second quarters report. The rationalisation of Policy, Performance and Partnerships is now completed and the service is now at full establishment.

The final financial position for the service will be reported in the second quarters report once all non-staffing costs have been established. The Executive Office continues to drive reductions in cross cutting costs such as consultations, print, publicity and advertising and the production of corporate publications.

Attendance gives no cause for concern at the current time. The Professional Assistants restructure is near completion. The Head of PPP will now take overall management responsibilities for the Assistants. A financial update for this area will be given in the next quarterly report

7.5 Delivery Plans 2012/13

The Executive Office Delivery Plan of **£0.100m** for 2012/13 is current rated Amber.

Table 14

Service	£ 000's	£ 000's	£ 000's	£ 000's
	RED	AMBER	GREEN	Grand Total
Executive Office (Rationalise Printing, Publicity and Advertising)	0	100	0	100
Grand Total	0	100	0	100

7.6 Risks and Issues

- Legacy commitments (particularly to Adult Social Care and Children's Services) continue to dominate our resource allocation
- No audit of statutory requirements for policies leaves PCC exposed for inspections
- Poor quality assurance and concerns about the accuracy of data undermine the confidence stakeholders have in reports
- Technology fails to automate manual data manipulation
- Delivery plans are unsuccessful at meeting the budget for FY 13/14

8. Corporate Items and Cross Cutting Issues

Revenue budget forecasted out-turn

- 8.1 For this first quarter report, we are reporting a nil variance against the budget for the year. Therefore, at this stage we are assuming that the £0.5m contingency budget will be fully utilised during the year.

Capital Financing Budget /Treasury Management

- 8.2 The Treasury Management Board continues to meet regularly to discuss the actions in respect of borrowing and investments in accordance with the approved strategy.

- **Debt Rescheduling**

Movements in gilts over in the year have reduced PWLB loan interest rates meaning that there have been no opportunities to date to achieve savings from the repayment or rescheduling of long-term debt. It is unlikely that in the current climate interest rates will move in a favourable direction but PWLB rates continue to be monitored by Council officers and our Treasury Management advisors Arlingclose to take any opportunity to make revenue savings as and when this occurs.

- **Investments**

Council Officers and Arlingclose will monitor credit conditions and further deposits will be made in line with the Council's Treasury Management strategy when conditions are appropriate for such investments.

- **Icelandic Bank Update**

The Council continues to receive regular dividend payments in respect of its investment in Heritable bank, with the TM Board continuing to monitor the position closely. We are also working in conjunction with other Local Authorities with similar outstanding claims. Monies received to date are:

Glitnir - received £5,033,247.31 (principal £4,742,018.12 and interest £291,229.19) amounting to 79.03% of our agreed claim leaving a balance yet to be recovered of £1,335,240.36.

Landsbanki – received £1,747,374.90 (principal £1,654,658.06 and interest £92,716.84) amounting to 41.37% of our agreed claim. The amount received includes £516,791.13 received in 12/13 (May) made up of £489,369.86 principal and £27,421.27 interest leaving a balance yet to be recovered of £2,476,760.44.

Heritable – received £2,350,910.81 (principal £2,236,861.87 and interest £114,048.94) amounting to 74.56% of our claim. This includes £209,365.25 received in 12-13 (April and July) made up of principal of £199,208.37 and interest of £10,156.88 leaving a balance of £802,047.56 yet to be recovered.

Budget Virements

- 8.3 The Council's net budget requirement was set by Council at its meeting on 27 February 2012 at £203.765m. Amendments to this overall budget can only be made by Full Council. During the year there will be several movements in budget allocations across services/departments as part of the delivery of the day to day business of the Council. Movements in the budget are continually tracked and an audit trail held for budget control purposes. In addition, Financial Regulations require all budget virements in excess of £100,000 to be approved by Cabinet.

- 8.4 Cabinet are now requested to approve the budget virements detailed in Table 8. All of these virements balance to zero with the overall council net revenue budget remaining at £203.765m

Table 15 – Virements over £100k for Cabinet Approval

Virements over £100k	£000's		
	Revenue Grant Carry Forward	Grant Allocations	Total virements >£100k
DIRECTORATE			
PEOPLE	694	711	1,405
PLACE	213	154	367
CORPORATE SERVICES	0	0	0
CHIEF EXECUTIVE'S OFFICE	366	0	366
CORPORATE ITEMS	(1,273)	(865)	(2,138)
TOTAL	0	0	0

A brief explanation of these virements is as follows:

Revenue Grant Carry Forward

- 8.5 Revenue Grant Carry-Forward as agreed by CMT including the Performance Reward Grant, Early Intervention Grant, Mortgage Rescue, New Homes Bonus and Local Services Support Grant - Homelessness.

Grant Allocations

- 8.6 Transfer of the LSSG budget re lead local flood authorities to Transport and Infrastructure, Preventing Homelessness Grant & the community safety fund grant to Homes and Communities from Corporate Items.

Virements per Table 2

- 8.7 The total virements shown in Table 2 of this report, although still netting to zero, include those adjustments which individually are <£100k and therefore do not require cabinet approval. In total they amount to £155k.

Recommendation

4. Cabinet approve the budget virements as detailed in Table 15.

SECTION C - CONCLUDING REMARKS

- 9.1 We are now reporting for year two of our three year budget, in which we set out our plans to achieve budget savings of £30m by 2013/14. Building on the achievements during 2011/12. It is imperative that the current year Delivery Plans are also achieved in-year as they too roll forward to underpin the budget for next year.
- 9.2 Despite reduced funding, the council remains committed to improving services and has revised its performance management framework to ensure that key focus is maintained on performance measures that contribute most towards the council and wider city's priorities.
- 9.3 Overall for the performance position at the end of the first quarter there are no critical indicators which would suggest there are no major areas of concern. However, with 50% of our performance indicators monitored in year on track, this leaves a further 50% which are not on track. As stated in the report, with 25% of indicators just off track, despite the difficult circumstances we are currently facing, we can report 75% of our performance indicators are there or there about on target.
- 9.4 Although there are no critical issues to report on finance this time around, there are some areas of variance within individual departments that require close scrutiny.
- 9.5 Revenue budgets are currently forecasting an end of year over spend of £1.789m. Departments will continue to address this overspend as we target an on-budget outturn in March 2013.
- 9.6 Officers are working closely with the new administration to ensure the Capital Programme meets the new administration pledges.
- 9.7 Officers are now working closely with Cabinet on the preparation of more detailed budgets for the next 3 financial years.

