

CITY OF PLYMOUTH

Subject:	2013/14 Indicative Budget (Revenue & Capital) allocated to corporate priorities
Committee:	Cabinet
Date:	11 December 2012
Cabinet Member:	Councillor Lowry
CMT Member:	Adam Broome (Director for Corporate Services)
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Ref:	djn281212
Key Decision:	No
Part:	I

Purpose of the report:

This report sets out Plymouth City Council's 2013/14 Indicative Revenue and Capital Budget. It sets out the net budgets by department; the adequacy of reserves; the robustness of the budget and details the directorate revenue budget delivery plans.

At this stage the budget is subject to a number of caveats and potential changes. These include:

1. The outcome of the Provisional Settlement in December and Final Settlement in January 2013.
 2. On-going consultation processes.
 3. The Council's scrutiny process and conclusion in January 2013.
 4. Further Cabinet meetings in January & February 2013.
 5. Full Council approval of the final budget and Council Tax February 2013.
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Corporate Plan 2012-2015:

The budget is central to the successful delivery of the Corporate Plan 2012-15.

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

Once approved the 2013/14 budget will become the base year for the Medium Term Financial Forecast (MTFF) 2013-16. The MTFF will be revised and updated soon after the adoption of the 2013/14 budget and will reflect the final settlement announcement. Human

resources, ICT and asset implications have been fully considered and referred to throughout the report.

We are working in a period of funding uncertainty. Following publication of this report, we are expecting a statement to the House from the Chancellor to be delivered 5 December. The local Settlement should be published within the following two weeks of December. Any impacts on our budget resource assumptions will be analysed and presented in a supplementary report to Cabinet February 2013.

We are not alone as a Local Authority in facing the largest public sector reductions in a generation. The Local Government Finance Bill December 2011 takes full effect from April 2013. Not only does the Bill set out the continued reduction in funding, but also the transfer of risk from central to local government. Examples of this are the reform of business rates funding, plus the reform of the local benefits scheme.

We are used to receiving around four to six million pound additional funding each year, rather than the funding reductions we are currently seeing. In the current economic climate it is becoming more difficult to collect the council tax we are due; we are also experiencing a reduction in our other income, from areas such as car parking and commercial rents. On top of the reducing resources, we are seeing extra demand for our services, with people living longer and requiring support, and additional costs such as the increases in utility charges. Landfill tax is escalating, plus we have general inflation on all areas of spend.

We are currently working to guidelines only for Government funding for 2013/14 and 2014/15 and remain only too aware that future funding will be different to the assumptions used. This budget detailed in this report will be subject to public scrutiny in January 2013.

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

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.

Recommendations & Reasons for recommended action:

This report contains a high level summary of the Corporate Plan 2012-15. The full report will be published to Scrutiny in January 2013 to inform their deliberations on the Council's proposed priorities and budget.

It is recommended that:

1. the proposed revenue target budget requirement of £198.3m for 2013/14 and four year Capital Programme of £132.1m is recommended for consultation;
2. Cabinet consider findings from consultation, feedback from budget scrutiny and any material changes announced in the final settlement for Plymouth City Council in early February '13 and recommend the final revenue and capital budget for 2013/14 to Full Council on 25 February 2013

Alternative options considered and reasons for recommended action:

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

Background papers:

- Finance Settlement Papers Department of Communities and Local Government
- 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
- Medium Term Financial Strategy June 2012
- Capital Financing Regulations
- Workforce Development Strategy
- Finance monitoring reports for 2012/13

Sign off

Fin	MC121 3.018	Leg	TH006 2	HR	MG121 3/11- 001	Asset Man.		IT		Strat. Proc.	
Originating SMT Member Malcolm Coe											
Have you consulted the Cabinet Member(s) named on the report? Yes											

I. Introduction and Contents

- I.1. This report details how the Council has allocated its revenue and capital resources across departments and priority areas for 2013/14 to improve outcomes for local people. It is fully linked and underpins the Council's Corporate Plan 2012-15.
- I.2. The proposed 2013/14 budget needs to be considered in the context of the national environment with regards to funding assumptions for the Authority. We are experiencing the largest public sector reductions in a generation, with the Government set to announce yet further reductions to Local Authority funding.
- I.3. Central Government is continuing to withdraw financial support for essential frontline public services in Plymouth.
- I.4. The Chancellor's Autumn Statement to the House will be delivered 5 December 2012. This will set out the basis for funding for Local Authorities for one year only.
- I.5. Before we understand the full impact of this announcement, Plymouth City Council is budgeting to reduce spending by a further £17.8m in 2013/14, on top of the £20m already taken out in the past two years, bringing the reductions to a cumulative £37.8m over three years.
- I.6. The Local Government Finance Bill dated December 2011, which comes into effect from 2013, lays out radical reform of the method of income collection for authorities. On top of anticipated grant funding reductions, the Bill focuses on the transfer of risk away from central government to local authorities.
- I.7. A fundamental change has been introduced around the collection of National Non Domestic Rates (NNDR), more commonly known as business rates. Authorities are required to retain 50% of their local rates, rather than passing it 100% to the Treasury and receiving back its allocation. This adds uncertainty to our funding.
- I.8. We cannot escape the fact that the government's deep spending cuts will have a drastic impact on our council and the services we provide to local people and our support for the economy of the city.
- I.9. The changes to the council tax benefit scheme in particular can be interpreted as a tax burden on those less able to pay. We must therefore do everything we can to address the imbalance and increase our income from those best placed to pay more for our services. Our delivery plans are needed to transform our service provision but we need to minimise the impact of any changes on the City's most vulnerable.
- I.10. Any amendments required to this indicative budget, as a result of the December settlement and after consideration of our consultation process and the proposals from the January Scrutiny, will be presented to Council for approval in February 2013.
- I.11. Funding allocations are made within the framework of the Council's Medium Term Financial Forecast, (MTFF), which sets targets and principles for three year revenue budgets and four year rolling capital budgets. The MTFF will be revised, updated, and published, following the approval of the 2013/14 budget and formal approval of the Council Tax.

- 1.12. Appendices to this report provide the main detail and delivery plans that underpin the 2013/14 budgets:

Appendix A	Departmental Indicative Budgets
Appendix B	Local Government Act 2003, Section 25 Section 1: Analysis of Budget Robustness Section 2: Adequacy of Reserves
Appendix C	Directorate Revenue Budget Delivery Plans
Appendix D	Capital Investment Programme 2012/13 to 2015/16
Appendix E	Capital Projects 2012/13 to 2015/16
Appendix F	Supporting detail for the Additional Funding Allocations £8.9m

- 1.13. Within this report, each department describes its departmental context, progress and investment against challenges and pressures faced and lays out a summary of what the department intends to do to deliver a balanced revenue budget in 2013/14, and the plans for 2014-2016

2. **The Medium Term Financial Outlook**

- 2.1 The City Council continues to find itself operating in the midst of a serious, unprecedented economic downturn, and is facing a series of very challenging issues into the medium term.
- 2.2 The current economy continues to cause budget pressures, such as the impact of reduced income from our car parks and falling income from commercial rents. The downturn has also brought reduced interest rates and therefore reduced income for our treasury investments.
- 2.3 The Council faces increasing spending pressures moving forward; for example, the complexity of need of some of our children in care who require high cost placements and impact of the growing elderly population on adult social care budgets.
- 2.4 We have, for some time, been modelling a year on year real term reduction in our formula grant.
- 2.5 The Council is not unusual in facing these issues and is prepared for the challenge. The Council will need to take some difficult decisions in the period covered in this report about what services it does and what services it doesn't provide. We will need to continue to radically change shape over the coming years.
- 2.6 The Council needs to continue to work more closely and harder with other partners in the public and private sector, both in the city and across the region, to provide the best solution for the city, to ensure we are able to achieve the impossible task set by Central Government.
- 2.7 We are working very closely with our partners in health to maximise the opportunity to integrate frontline services where it is sensible to do so. We are aiming to reduce our "back office" costs by sharing our accommodation, with key health personnel moving into Windsor House. This aims to bring a twofold advantage as we share overhead costs, plus gain synergies from working alongside each other.
- 2.8 A new initiative from Central Government is the reform of Business Rates funding. As part of this new scheme, the Government has encouraged local authorities to set up Business Rate Pools with other local councils. All councils in Devon have been working together to see if setting up a Devon wide pool would benefit the region. From the information that is currently available, if a Devon wide pool is formed then the County would get to keep more of its business rates income than it would if each council acted individually. This could be as much as an extra £23m over the next five years, and a possible £6.5m to Plymouth.
- 2.9 Every council in Devon has now agreed to be part of a Devon wide pool, with Plymouth City Council chosen to act as the lead authority. This is an example of the ambition of Plymouth City Council to be a major player within Devon.
- 2.10 Welfare reform changes continue to evolve, and in response to the funding reductions set by government, we have developed and consulted on a local Council Tax Support scheme to address the difficult challenge of an estimated £2.6m shortfall

in funding. We have not developed this scheme in isolation. This is another example of where we have worked well with our neighbour authorities, to ensure we have responded to consultation with a consistent message, and that we do not encourage claimants to move from one authority's catchment area to another to benefit from different benefit levels.

- 2.11 We are working to deal with the impact of the Government funding reductions, together with new initiatives which transfer risk to us as a Local Authority. We are doing all that we can to protect our frontline services, but must recognise the plans set out in this budget report will have an impact. However, we are seeking to minimise the impact on the most vulnerable people in the City.
- 2.12 For example, under the proposed Council Tax Support scheme, and following consultation with local residents,
- Pensioners receiving support through the current Council Tax Benefit scheme will be protected, their support will not change.
 - We are protecting the single person Council Tax discount.
 - We are protecting the current support for War Widows and Veterans.
 - Reduce Council Tax Support for all working age residents by 25 per cent – not by 30 per cent as recommended by the Government.
- 2.13 Further changes include the Council Tax Technical Reform. This legislation gives local flexibilities to change or withdraw certain council tax discounts and exemptions relating to empty properties. Additionally the opportunity to levy a charge on long term empty properties will come into effect from April 2013. We are working on our proposals under this legislation to maximise our income.
- 2.14 Our ability for future capital investment in the city to stimulate growth and regeneration will also be restricted. The capital programme will continue to require robust management and innovative solutions to ensure that outcomes are maximised and the impact on the Council's revenue budget is kept to a minimum.
- 2.15 Despite reducing resources and increasing spending pressures, Plymouth City Council continues to be ambitious for the investment and growth of the city of Plymouth, with the capital programme for the current year standing at over £57m, rising to £132m by 2015/16.
- 2.16 New schemes include
- a solar panel scheme to improve energy efficiency of council buildings
 - investment in buildings to increase capacity needed for 2 year old nursery places
 - investment in increased primary school places (funding from Government's free school allocation)
 - investment in council vehicles and plant to improve service and reduce costs.
- 2.17 A further example of the council's ambitions for the people of Plymouth is the commitment to the timely delivery of the Administration's 100 Election Pledges.

3. Executive Summary

- 3.1 This is a combined Revenue and Capital budget report setting out the City Council's 2013/14 income and expenditure, whilst responding to the administration's strategy to be a more open, cooperative style council.
- 3.2 This budget continues to have a sharper focus on a fewer number of priorities and continues to drive improvement.
- 3.3 In setting the 13/14 budget, we have again developed robust, risk assessed delivery plans. These plans underpin the new 2013/14 budget and will now be subject to a thorough scrutiny process in early January 2013 prior to finalising the budget in February 2013.
- 3.4 Each directorate's budget plans have been subject to a cross-directorate challenge at both CMT and SMT level. Also, for the first time, portfolio holders and directors were challenged by the portfolio holder for finance together with the Director for Corporate Services.
- 3.5 The outcomes from these challenges and the developed savings delivery plans have been considered to influence our resource allocation within the 2013/14 budget.
- 3.6 The Delivery Plan savings put in place in 2011/12 included indicative areas of step up in the savings required to underpin the 2013/14 base budget and for future years. Following a full review, these plans have been refined and, where applicable, have been incorporated with the new 2013/14 budget delivery plans.
- 3.7 Capital resources remain under review with the Council considering every possible avenue to maximise future funding opportunities.

4. Priority focus

- 4.1 As in 2012/13 we have built the budget around our priorities for the city, the council and our key partners: to deliver growth, raise aspirations, reduce inequalities and provide value for communities.
- 4.2 We have recommitted to our growth agenda and recognised that we need to focus on it much more strongly if we are to achieve the step change required to achieve our vision for the city. This is the agenda that makes Plymouth distinct.
- 4.3 Closely tied to that is the need to raise aspirations. We not only want our children and young people to set their sights higher, but for those in contact with them to have higher expectations; for people to want to come to Plymouth as a place where they can develop and prosper. We do not want the local population to be held back by deprivation and inequalities, but to contribute to and share in the city's growth.

- 4.4 At the same time, we recognise that we are operating in tight financial circumstances and need to be innovative, resourceful, more customer focused; and provide greater value for money. These priorities are all interlinked.
- 4.5 Together with partners we have agreed a set of Level 1 outcome measures for which we share collective responsibility.
- 4.6 We must have a sustained focus to deliver improved outcomes. Our shared vision and priorities are shown in Figure 1.

Figure 1: City and Council top level priorities



- 4.7 Following our analysis of the Plymouth Report in 2010 we reduced the number of our priorities for the city, the council and our key partners to four, in order to drive the vision:

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

4.8 Together with partners we agreed a set of very high level long term outcome measures that sit under the priorities and for which we share collective responsibility. Under these sit a set of medium term outcome measures.

Level 1 Long-term Outcome Measures			
Deliver growth	Raise aspirations	Reduce inequality	Provide value for communities
Increase the number of jobs in Plymouth	Raise Plymouth's Level 4 attainment so that it exceeds the national average by 2% by 2020.	Reduce the gap in life expectancy by at least 10% between the fifth of areas with the lowest life expectancy and the population as a whole by 2020	Increase the value of commissioned goods and services by the third sector
An increase in the headline gross value added per head index at current basic prices	Increase in the number of visitors coming to the city	Reduce the rates of premature mortality (<75 years) in men from all causes by 40% by 2020	Increase customer satisfaction with all public services offering VFM
Deliver connectivity with key regional, national and international markets	Overall / general satisfaction with local area	Reduce Child Poverty	Increase % of people who feel they can influence decisions in their locality
Increase the range and quality of housing in safe, inclusive and sustainable communities	Increase the new business		Per Capita CO2 emissions in the LA area
			Increase % of people who believe people from different backgrounds get on well together

4.9 Beneath these Level 1 outcome measures we have developed and agreed more detailed Level 2 medium term measures. Full details are available in the Corporate Plan 2012-2015.

5. Revenue Resources

5.1 Our resources for 2013/14 are, at this stage, based on assumptions. Again we have reflected expected further formula grant reductions, as shown in *figure 2*. This is unprecedented in terms of local authority funding to date. This reflects the fourth consecutive year of reductions, as compared to previous year-on-year funding increases.

5.2 Central Government has now confirmed (late October 2012) the offer of a further one-off Council Tax Grant allowance to cover 2013/14. Unlike the two previous allowances which were both equivalent to 2.5% of the Council tax base, this offer is set at the equivalent of a 1% rise for a two year period.

5.3 For Plymouth City Council, this change of policy from 2.5% to 1% equates to a reduction in the grant of approximately £1.5m. If accepted, this grant would mean the Authority would have a year on year shortfall in future funding, as this money is removed from the budget from 2014/15 onwards.

- 5.4 The 2012/13 Grant was for one year only. This means for 2013/14 we start with a £2.4m reduction in our funding from the 2012/13 base, before considering any reduction to the coming year's funding.
- 5.5 CMT and Cabinet have been made aware of our modelling assumptions over the past months and our Medium Term Financial Strategy, (MTFS), showing the impact of funding reductions has been published on our website.
- 5.6 The National context highlighted a 28% reduction (7% per year) in funding over the Comprehensive Spending Review period, 2011/12 – 2014/15. We are now modelling an assumed 7% reduction in formula grant funding for 2013/14, accumulating to just over 18% when added to the actual funding reductions for 2011/12 and 2012/13. This is on net revenue budget only, and does not include the reductions and deletions of specific grant funding, held elsewhere in the budgets.
- 5.7 The funding reductions shown in figure 2 indicate a 2.7% reduction in 2013/14 compared to 2012/13. However, this does not include the impact of specific grant funding reductions. For instance, the loss of the £2.4m one-off Council Tax Freeze Grant for 2012/13 would increase this reduction to 3.8%. Year on year we have seen our specific ear-marked grants reduce by approximately 5% each year. Over the four year period to 2015/16 this equates to totalling anticipated funding reductions of close to 35%.
- 5.8 We are confident that our overall assumptions are robust and have therefore continued to model our spend allocations on the figures below. However, we continue to carefully monitor, and report on, the impact of changes to numerous specific grants (both revenue and capital) which could have a material impact in certain service areas. The detail of such grants will not become clear until late December 2012 / early January 2013. When known, the specific grant analysis will be fed into the budget scrutiny process in January 2013.
- 5.9 In Figure 2, 2012/13 shows actual funding; 2013/14 shows funding based on our best assumptions as known at the time of preparing the Indicative Budget. Years 2014/15 and 2015/16 are shaded to indicate that, although also based on our assumptions, there is less clarity of this funding.
- 5.10 The confirmed settlement funding for 2013/14 will be announced in December 2012. Once known, the figures will be verified and all movements and implications will be reported as quickly as possible in the new calendar year.

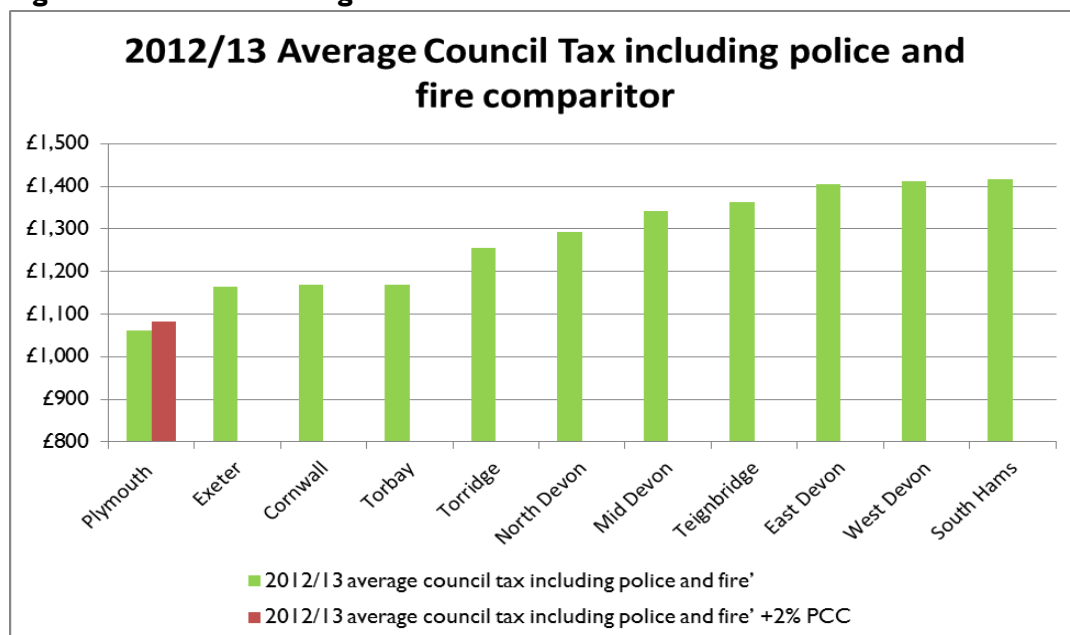
Figure 2: Revenue resource assumptions

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Total Resources available	203.8	198.3	192.4	184.6
Increase / (decrease) over previous year	(3.4%)	(2.7%)	(3.0%)	(4.1%)

Note: Council Tax level for '13/14 will be finalised at Full Council in February 2013.

- 5.11 The funding for 2015/16 reflects the loss of £2.4m, being the 2011/12 Council Tax Freeze Grant, which has been confirmed for four years only.
- 5.12 Every 1% Council Tax rise generally adds revenue of approx. £1m, and a 1% drop in Formula Grant represents a reduction of £1m. For 2013/14, we are forecasting a net reduction of £5.5m compared to our 2012/13 budget base.
- 5.13 Our last Council Tax increase was 2.89% in 2010/11 and was followed by a freeze in 2011/12 and a further freeze again in 2012/13. For purposes of comparison, a similar 2010/11 Council Tax increase for 2011/12 and 2012/13 would have generated an extra £5.7m over the two years.
- 5.14 This compares to the 2011/12 compensation of £2.4m which ends in 2014/15, and the 2012/13 compensation of £2.4m which was for the one year only. Both leave future holes in the base funding.
- 5.15 2013/14 resource assumptions do model a modest increase in Council Tax. However, if accepting this increase, the Authority will still retain the lowest average Council Tax in the region.
- 5.16 For purposes of comparison, the current year's average Council Tax for Plymouth, including the police and fire precepts, is £1,061.90. The nearest authority to this is Exeter City Council with an average Council Tax of £1,165.02. The South Hams equivalent is £1,416.18.
- 5.17 The Government has capped any increase to the 2013/14 council tax at 2%, prior to triggering a local referendum.
- 5.18 If Plymouth City Council, together with the police and fire services, were to increase the charge by this 2% "maximum" the average would increase to £1,083.13.
- 5.19 This remains lower than our nearest comparator regardless of whatever their strategy for next year is.

Figure 3: 2012/13 Average Council Tax



5.20 For residents living in a Band A property, a 2% rise in their Council Tax equates to an extra 38p per week. This assumes the Police and Fire also increase their precept by 2%. They are yet to announce their intentions.

6. Expenditure Assumptions:

6.1 In response to the first year of significant reduction in funding, the approach to the budget setting process was changed for 2011/12.

6.2 A deliberate strategy was taken to reduce back office costs and protect, where possible, front line service delivery. Percentage reductions were applied on a priority basis ranging from year one 1.5% for areas such as Adult Social Care and Children's Services to 40% in year three for Business Support & Corporate Support areas.

6.3 The Final Settlement, confirmed late in December 2010, required us to apply additional target savings amounting to cumulative reductions of:

- 2011/12 £13.3m
- 2012/13 increasing to £20.4m
- 2013/14 increasing to £30.7m

6.4 Following robust challenge, we have refined the achievability of increased 2013/14 full year savings from delivery plans enacted during 2012/13. Such savings amount to £6m which has been reflected in departmental target budgets as follows:

People Directorate	£2.720m
Place Directorate	£0.570m
Corporate Services Directorate	£0.780m
Chief Executive's Office	£0.210m
Cross-cutting items	£1.720m

6.5 The 2012/13 budget was predominantly a no-growth, non-inflated budget, with no additional funding allocations for general inflation, or recognition of service demand increases around demographics. In setting the 2013/14 budget, we have acknowledged that this no-growth approach cannot be sustained.

6.6 We have therefore challenged all areas of the council, under the headings of legislation and economic pressures; service demand and specific inflation, and identified the following additional spending requirements of £8.9m. More details are contained in Appendix F.

Figure 4: Additional spending requirements 2013/14

ITEM	2013/14 £m
Estimated reduction in Council Tax collection	1.0
Reduced income streams across the council	0.3
Reduced funding from schools due to new legislation	0.2
Waste disposal costs	1.0
Additional spending requirements – Legislation and Economy	2.5
Adult Social Care – Demographics / contracts	1.5
Unsupported borrowing costs to fund Transformation Programme	0.6
Children in Care – increase in complexity of need of children in care	0.7
Contingency Items	0.7
Additional spending requirements – Service Demand	3.5
Utilities including street lighting energy costs	0.5
Adult Social Care – 2% inflation	1.4
Children’s Services placements – 2% inflation	0.2
Staff salaries – 1.5% inflation (in addition to existing provision)	0.8
Additional spending requirements – Specific Inflation	2.9
Total Additional spending requirements	8.9

6.7 Putting together the various elements of the resource and expenditure assumptions, we are left with an estimated funding gap in 2013/14 of £10.8m, as set out in figure 5 below.

Figure 5: Additional spending requirements 2013/14

	A	B	B – A
ITEM	Spend	Income	Funding Gap
	£m	£m	
Assumed resource funding		198.3	
2012/13 base budget	203.8		
Additional spending requirements	8.9		
Loss of 2012/13 one-off Council Tax Freeze Grant	2.4		
Less 2013/14 step up Delivery Plans	(6.0)		
TOTAL SPEND / INCOME & GAP	209.1	198.3	10.8

6.8 A more detailed analysis of budgets at Service level within each department is shown as Appendix A to this report. By top level Directorate, the spending assumptions are as follows:

Figure 6: PCC indicative spend requirements 2013/14

DIRECTORATE	Base Budget	Additional Spend	Lost Grant	Step up Plans	Indicative spend
	£m	£m	£m	£m	£m
People	122.8	4.0	-	(2.7)	124.1
Place	42.4	1.3	-	(0.6)	43.1
Corporate Services	30.2	0.3	-	(0.8)	29.7
Chief Executive Office	1.9	0.0	-	(0.2)	1.7
Corporate Items	6.5	3.3	2.4	(1.7)	10.5
TOTAL	203.8	8.9	2.4	(6.0)	209.1

7. Departmental Prioritisation and Budget Delivery Plans

- 7.1 The Council has adopted a strategic approach to allocating its limited revenue and capital resources across departments based on clear prioritisation and a need to deliver against the City and Council's four Corporate Priorities.
- 7.2 Within this corporate framework, each department continues to focus on improving front line service delivery and drive efficiencies whilst tackling challenges and funding pressures through additional service demand. This section summarises the strategic direction that the Council has adopted and the Delivery Plans that it will put in place to deliver improved services within the available budget.
- 7.3 As part of the 2012/13 budget setting process, we were aware of the nature of the one-off Council Tax Freeze Grant of £2.4m. We made the decision not to allocate this funding to on-going pressures, but to offset what were seen as one-off pressures for 2012/13.
- 7.4 We allocated a total of £1.770m for 2012/13 only to the following areas:
- £0.250m to support the very ambitious savings target from procurement
 - £0.500m to the Accommodation Strategy in recognition of the delays associated with the future of the Civic building
 - £0.800m to support the continued provision of an ice rink during the transition year ahead of approving a private sector solution
 - £0.220m to smooth the timing of savings from the new leisure management contract.
- 7.5 For the 2013/14 budget, these allocations have been removed from the base budget figures. However, we are aware of further departmental pressures for 2013/14 and have therefore re-distributed the one-off allocations totalling £1.770m as follows:

- £0.750m to the Accommodation Strategy in recognition that we have experienced further delays associated with the future of the Civic building
- £1.000m to the Joint Commissioning & Adult Social Care department in recognition of the resource requirement during the transformation period as the service moves into offering Personal Budgets.

- 7.6 The Adult Social Care service is transforming in the way that it operates. Budget Delivery plans that have been set for the 2013/14 financial year amount to further reducing spend in the service by circa £4.5m. This, along with the increased savings target from prior year budget delivery plans represents a significant risk re achievability. To enable the service to address the underlying spending pressures, and to address the timing lag of the new transformational ways of working in the service becoming embedded, we are making a further allocation of £1m for 2013/14 into this service area. This allocation will be kept under regular review through monitoring.
- 7.7 In total for the 2013/14 Adult Social Care budget, we have allocated additional funding totalling £4.9m, for demographics & contracts, inflation plus one-off transformation period monies. Ahead of the delivery plan savings required in 2013/14, this brings the budget allocation to £71.5m, which is in line with the forecasted funding requirement for the current year.
- 7.8 Having calculated the 2013/14 funding shortfall, and the further anticipated funding gaps in the following two years 2014/15 & 2015/16, a target of 5% savings from each directorate was set which, from the 2012/13 base budget, equated to £10.5m for 2013/14.
- 7.9 Given the assumed continued reduction in grant funding, each Director was tasked to develop savings plans for the three year period 2013/14 to 2015/16 incorporating a further 5% of savings to be derived from cross-cutting plans. These were to be strategic and targeted at transformation changes to the way we work.
- 7.10 At the time of publishing these draft budget papers, the following directorate delivery plans have been developed for consultation:

Figure 7 – revenue savings target set by directorate

DIRECTORATE	5% annual target	2013/14 Plans £m	2014/15 Plans £m	2015/16 Plans £m
People	6.2	6.2	6.3	6.6
Place	2.1	1.1	1.5	1.5
Corporate Services	1.5	1.5	1.5	1.5
Chief Executive Office	0.1	0.1	0.1	0.1
Corporate Items	0.6	0.8	0.8	0.8
TOTAL	10.5	9.7	10.2	10.4

- 7.11 Less delivery plans have been accepted for the Place Directorate in comparison to the set 5% target, reflecting the priority of delivering Growth within the city and protecting front line services.
- 7.12 We will continue to work up a number of cross-cutting areas over the coming months. Where detailed plans and figures are available, these will feed into budget debates and scrutiny early in 2013. By their strategic nature, several of the cross cutting plans will deliver fewer savings in year one, but increase in future years.
- 7.13 At the time of writing this report, we have evaluated and costed cross-cutting delivery plans for Council Tax technical reforms and a review of insurance provision. This is estimated to deliver savings of £1.3m per annum from 2013/14. These items have been included within the 'Corporate Items' budget delivery plan.
- 7.14 Revenue Budget Delivery Plans that specify planned action to achieve the 2013/14 year reduction targets, together with the plans for 2014/15 and 2015/16 are detailed in **Appendix C**. Progress against these plans will be incorporated within regular monthly finance and quarterly performance and budget reporting.
- 7.15 Combining all of the component parts of the budget process, the indicative target budget by department is as follows:

Figure 8 – indicative target budget by department

DIRECTORATE	Base Budget	Spend pressures	Net change in one off allocation	Revised Base Budget	Total 13/14 Delivery plans	Indicative target budget 13/14
	£m	£m	£m	£m	£m	£m
People	122.8	4.0	1.0	127.8	(8.9)	118.9
Place	42.4	1.3	0.2	43.9	(1.7)	42.2
Corporate Services	30.2	0.3	(0.2)	30.3	(2.3)	28.0
Chief Executive Office	1.9	0.0	0.0	1.9	(0.3)	1.6
Corporate Items	6.5	5.7	0.0	12.2	(3.8)	8.4
TOTAL	203.8	11.3	1.0	216.1	(17.0)	199.1

A more detailed analysis of the resource allocations, by service area, is detailed as **Appendix A**

- 7.16 From figure 8, the total Delivery Plans totalling £17m for 2013/14 are the “Step Up Plans” £6m plus 13/14 Delivery plans £11m.
- 7.17 It must be emphasised that these savings are not all aimed at frontline services. Although between them the People Directorate at £8.9m and the Place Directorate

at £1.7m contribute £10.7m this represents circa 6% of their budgets. The Chief Executive's Office, the Corporate Services Directorate plus Corporate Items contribute the remaining £6.4m representing a 17% reduction.

- 7.18 Alongside the efficiencies from the Chief Executive's Office and Corporate Services Directorate, savings include seeking better returns on our investments under our treasury management processes, a full review of our insurance risks and premiums, and continuing to drive out savings from our on-going overhaul of our procurement process.
- 7.19 At the time of publishing this report our indicative budget of £199.1m exceeds the estimated resources available of £198.3m. Further work will be developed on the cross cutting areas in order to close this gap over the next couple of months.

8. Review of Reserves & Risk Management

- 8.1 In terms of Reserves, the council retains a prudent approach to risk management. Our core working balance, as at 31 March 2012, at £11.3m is 5.7% of our indicative net 2013/14 revenue budget £198.3m. Our plans are to retain this Working Balance level throughout 2013/14 (compliant with the objectives set within our MTFF).
- 8.2 In addition to the Working Balance, specific earmarked reserves are forecasted at £20m at the end of March 2013 and forecasted to reduce to £17.1m by 31 March 2014. The balances include, under IFRS requirements, Schools Balance (currently £4.5m) and will include unused year end Grants carry forwards once quantified.
- 8.3 Specific reserves are set to cover known or estimated future costs for specific activities and / or liabilities.
- 8.4 A detailed analysis of the robustness of the budget, considering relevant risks, is detailed in **Appendix B** along with an analysis of actual, and planned, movement across all key Council Reserves.
- 8.5 As part of our budgets, we have historically carried a contingency of £0.5m as part of our Corporate Items. This was set aside to cover any unforeseen budget pressures. For this budget setting process, we have reviewed the effectiveness of a stand-alone contingency.
- 8.6 As we are operating in a very unstable economic environment we need to enable a more substantial, yet flexible contingency arrangement. A number of the funded pressures of £8.9m, (section 6), are subject to fluctuation. As such, we propose incorporating the following items into a 'pool' of corporate contingency which will be subject to close scrutiny and review:

• Impact of estimated reduction in Council Tax Collection	£1.0m
• Contingency items	£0.7m
• Staff salaries inflation	£0.8m
Total	£2.5m

- 8.7 As and when the “contingency” pressures become evident during the year, directors will need to present evidence to gain approval to draw down from this budget. **Appendix B** describes a number of risks associated with the 2013/14 budget which might result in a future call against our contingency arrangements.

9 ICT Strategy & Investment

- 9.1 Plymouth City Council’s ICT service benchmarks nationally as a cost effective service. As ICT strives to reduce the number of applications used by the Council and seeks to consolidate around enterprise wide applications, savings proposed, within the 2013/14 budget, will require the full cooperation of all departments. We will be seeking to develop the shared services offering currently working under the name of DELT Services.
- 9.2 Investment in ICT is fundamental to the successful transformation of the council. Having one consistent, joined up, reliable source of information on the customer, enabling flexible working across all of our buildings, increasing the use of e-learning facilities, and implementing a new greater functionality interactive website all form part of the overall ICT strategy moving forward.
- 9.3 However, investment, both in terms of finance and capacity, needs to be prioritised to ensure that smooth implementation is achieved in the areas of greatest need. To date, the elements of the ICT strategy that have been approved and are actively progressing relate to the Accommodation Strategy, Microsoft AX, a new primary data centre is nearing completion and CareFirst. Further ICT ‘invest to save’ proposals will be developed and presented for approval over the coming months.
- 9.4 The new corporate ICT architecture continues to be rolled out with over half the staff now using the new way of working and the new technology. It is vital we complete the roll out as soon as practical so that we can decommission some of the duplicated systems such as telephony.
- 9.5 The development of the shared services business case is continuing with neighbouring local authorities. We are also seeking to join up and deliver services to some of the various NHS health organisations across Devon.
- 9.6 A transformational development programme of £4.5m has been agreed in order to support customer service transformation and channel shift. This will radically move the council towards a greater level of customer self-service.

The specific purpose of this investment is to:

- Reduce the overall costs of the Council through the consolidation of ICT infrastructure and the simplification of systems, additionally making better use through the extension of existing standard systems
- Improve accessibility to services and the speed of service delivery including 24 hour access to more services as set out in the administration’s commitments through the Corporate Plan
- Provide a platform for more cost-effective services across all Council departments and improve the accuracy and timeliness of performance management information.

10. Human Resources and Workforce

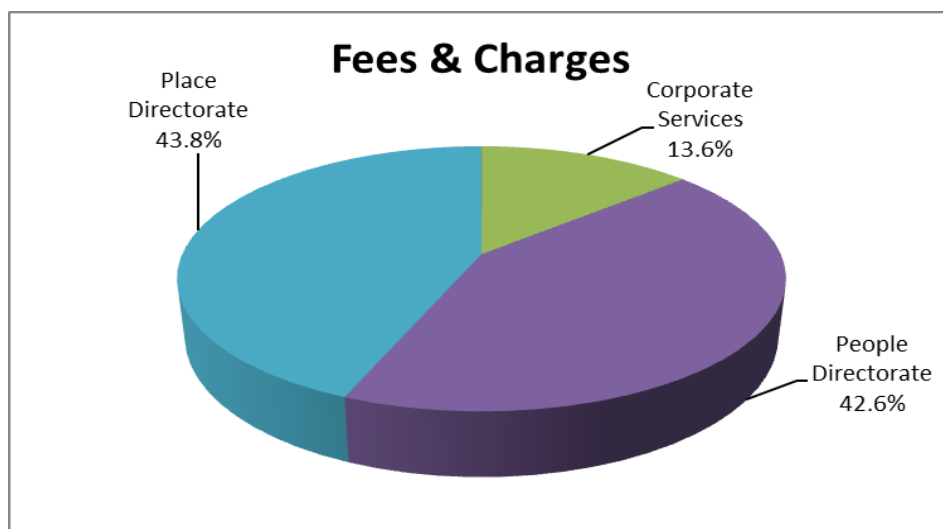
- 10.1 The Council directly employs approximately 3,400 staff (3,239 FTE) and a further 2,700 staff within maintained schools. The impacts of the Council's budget proposals affect only those employed directly as schools have delegated budgets for staffing.
- 10.2 The situation with schools will change in April 2013, when the Direct Support Grant (DSG) will be passed directly to schools. We are still assessing the corporate impact that this will have on Council costs and services.
- 10.3 In April 2013, approximately 25 Public Health staff will transfer to the Council from the NHS. We are still working on the detail of this transfer and its impact on the shape of our current structures and workforce.
- 10.4 Our total wage bill (excluding on-costs such as pension contributions) is around £81million. Each year the Council's budget includes an assumed turnover of staff thereby salary budgets are traditionally set at 97% of full year establishment.
- 10.5 After three years of a 'pay freeze', it is anticipated that there will be a nationally agreed Pay Award for staff in 2013 /14. While discussions have only just started, it would be prudent to budget for a modest pay increase across the workforce. A 1% increase would cost PCC approximately £0.810m (£1m including on-costs). We are modeling on a 1.5% increase.
- 10.6 We aim to reduce the direct and in-direct costs of the workforce through:
- Natural wastage / turnover
 - Use of temporary contracts
 - Recruitment controls and improving redeployment opportunities
 - Negotiated workforce reductions
 - Modernisation and workforce re-modelling, particularly management delayering
 - 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 via our Voluntary Release Scheme
 - Simplifying and harmonising staff terms and conditions
- 10.7 A step up from 2012/13 budget delivery plans requires us to deliver an extra £0.570m through further management delayering. The focus for 2013/14 will be management delayering to make management structures more efficient and fit for purpose.
- 10.8 Revised Terms & Conditions were agreed in 2011 continue to achieve significant workforce savings. Further discussions on terms and conditions have just started with the trade unions. The aim of these discussions is to further harmonise, ensure consistency and streamline policies, procedures and pay models.
- 10.9 The Budget Delivery Plans will inevitably result in a reduction in the overall workforce. These numbers will be quantified through developing detailed implementation plans and commencing consultation with trade unions where appropriate. In overview terms, it is estimated that circa 100 FTE posts will be reduced with a further circa 200 FTE posts being considered through alternative service delivery mechanisms (e.g. shared services, social enterprises)

- 10.10 We have just re-launched our Voluntary Release Scheme, which allows staff to leave the Council by mutual agreement in return for a defined compensatory payment. The payment staff would receive is the same as if they were made redundant. However, the advantage of this scheme is that staff will leave quicker than if we followed a full redundancy process, meaning that salary savings can be achieved before 1 April 2013.
- 10.11 2011/12 saw the introduction of a new management development programme to invest in management and supervisor levels, as well as identify managers of the future to retain our talent. The Council's development programme is being targeted at change management, behavioural competencies, talent management, performance and modern working practices and basic skills. We continue to invest in the development and expansion of the Council's support for apprenticeships following a successful launch in 2010/11 and further work with the University of Plymouth to provide internships, work placements and graduate roles for students will be undertaken.
- 10.12 With reference to the new pension auto-enrolment requirements Plymouth City Council has been allocated a 'staging date' of April 2013. If all employees who are auto-enrolled choose to remain in the scheme, there would be significant budget implications. If, based on a 10% increase employer contributions, it would rise by approximately £200,000, which would have to be considered against contingency funding.

11. Fees and Charges

- 11.1 Councils have powers to charge for a wide range of services. Many of these powers derive from legislation that applies to specific service areas as a result of the Council undertaking a statutory duty.
- 11.2 The local Government Act 2003, allows Council's to charge for non-statutory or discretionary services, and this has been further enforced since the localism agenda was introduced more recently.
- 11.3 Historically, the Council has reviewed fees and charges income in line with inflation applying a standard "incremental" approach to increases.
- 11.4 Criticism for this approach is that whilst this it is considered a simple and quick method of implementation, it does not always fall in line with the corporate priorities for the authority or consider its key strategies.
- 11.5 We are working on a consolidated approach to the Statutory and discretionary fees and charges which we can levy. Given the reductions we are facing in our central government funding, we have to take a more strategic approach to income generation.
- 11.6 As part of our review, we will also look at our policy for concessions, to ensure we are consistent in our approach.

- 11.7 Fees, charges, licenses and rents, will account for around 8% of the Council's income in 2013/14. Total Fee income is budgeted to achieve £28m each year. The pie chart below shows income from fees and charges by Service:



- 11.8 As part of this budget report, increases to fees and charges are covered in each Directorate's delivery plans. For example, within the Place Directorate we set out our plans to increase planning fee income plus we set out our plans to review our car parking charges.

- 11.9 More details will be published within the final budget papers for Full Council February 2013.

12. Capital Resources and Prioritisation

- 12.1 Our financial strategy for capital is aligned with our Medium Term Financial Forecast for Revenue and covers the current year plus three future years, making a four year Programme.

- 12.2 We maintain the principle that capital schemes are only approved into the programme where specific funding has been clearly identified and supported by business cases. Thereby, the capital investment programme, at any set point in time, will evidence 100% funding allocation against approved schemes. The Capital Delivery Board reviews all new proposed projects and ensures Capital Investment is prioritised to maximise outcomes against the council's Priorities.

- 12.3 As a consequence of the CSR 2010, Supported Borrowing for Local Authorities was withdrawn on any future funding requirements which added additional pressure to our revenue requirements. It also explains why the funding for the programme now only shows £0.107m of supported borrowing and this will reduce to zero in 2013/14.

- 12.4 The Council continues to seek opportunities for specific grant funding for capital projects as they arise. However, since the autumn 2010 settlement, capital grant allocations for the block areas of Transport and Schools have remained at much lower levels (circa at least 15%), than the initial 2010/11 allocations.

- 12.5 This has been made more difficult for our medium term planning by the fact that future year allocations for schools have not been confirmed ahead of when major

projects are being planned and commissioned. Transport capital allocations are confirmed for 2013/14 and 2014/15, however the school block allocation is yet to be confirmed.

- 12.6 The council continues to challenge the affordability of its four year Capital Programme for the period 2012/13 to 2015/16. There remains some volatility around future capital grant funding and income generation through capital receipts. The four year programme shown in figure 9 below includes new projects to be approved by Full Council in December 2012, and also further monitoring re-profiling. The programme is based on known projects and funding streams. Officers will remain proactive at optimising external grant funding wherever possible in order to continue to deliver significant, ambitious capital investment in the city. The indicative programme for 2012/13 onwards will be updated as further details of funding are made available.

Figure 9: Four year Departmental Capital Programme

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
People	35.666	30.343	8.861	1.369	76.239
Place	14.416	15.891	8.344	4.929	43.580
Corporate Services	7.308	2.966	1.427	0.485	12.186
Total	57.390	49.200	18.632	6.783	132.005

Expenditure will be funded by:

Funding Source	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Capital Receipts	7.645	6.480	1.500	0.00	15.625
Unsupported Borrowing	6.898	6.708	2.310	0.485	16.401
Supported Borrowing	0.107	0.00	0.00	0.00	0.107
Grants & Contributions	38.404	34.409	13.735	6.298	92.846
SI06 / Tariff	1.169	0.173	0.750	0.00	2.092
Revenue & Funds	3.167	1.430	0.337	0.00	4.934
Total	57.390	49.200	18.632	6.783	132.005

- 12.7 We remain committed to a significant capital investment programme despite the current economic climate. The Council, engaging with partners in major regeneration of the City, will not only contribute towards delivering improvement priorities, but will also help to sustain much needed work opportunities in the local area (for example, the construction industry). Significant schemes include:
- Improving transportation Plymouth (Local Transport Plan)
 - Theatre Royal Improvements
 - Estover Community College
 - Marine Academy Plymouth
 - All Saints Academy Plymouth
 - A University Technical College (UTC)

- 12.8 We will continue to regularly review the assets that we own to ensure that they are fit for purpose and optimise the use of capital receipts, where deemed beneficial, in order to support our overall capital investment programme. However, our ability to

generate capital receipts has been severely impacted in the last couple of years due to significantly falling land and property prices.

- 12.9 In reviewing the capital programme as part of 2013/14 budget setting we have incorporated a risk based approach to the achievement of capital receipt funding over the four year period. This funding is based on a schedule of specific assets, with current estimated valuations and proposed timing for disposals.
- 12.10 The council has built in the requirement for additional borrowing to cover the potential shortfall in capital receipt income. The option of repaying this borrowing in future years to coincide with potential capital receipt income will be kept under constant review, and no further projects will be funded from receipts until we have a balanced position. Any variations to the forecasted position will be reported to Corporate Management Team and Cabinet at the earliest possible opportunity.

13. Value for Money & Efficiencies

- 13.1 The concept of Value for Money (VFM) and Efficiencies is now embedded into the working practices of all departments across the council.
- 13.2 The 2013/14 department budget delivery plans will continue to generate the efficiencies that are required to achieve our savings targets. Each department will again adopt a Budget Delivery Plan which will be supported by staff from the corporate centre and form part of regular monthly and quarterly performance and finance reporting.
- 13.3 The internal challenge and reporting of efficiencies has continued to improve substantially across the Council through departmental management team (DMT) meetings which focus on the implementation of budget delivery plans for each Directorate (all cashable efficiency savings are being reported against plans to achieve budget targets as well as general efficiencies to improve services to customers).
- 13.4 The Council continues its commitment to undertaking annual robust benchmarking against our council 'family group' and near neighbours as well as top performing councils.
- 13.5 The benchmarking information is used to inform Budget Delivery Plans to ensure that greater savings are driven out from areas of high spend where possible.

14 People Directorate

Departmental context

14.1 The People Directorate was established with effect from January 2012 and covers four customer facing departments, plus a Programmes Office:

- Joint Commissioning & Adult Social Care
- Children's Social Care
- Education, learning and Family Support
- Homes and Communities

All of these services face a range of challenges in the current economic situation and all face significant policy changes and demands.

Joint Commissioning & Adult Health and Social Care

14.2 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

14.3 The national transformation programme for Adult Social Care (first published in 2007) set out the need to re-think the whole adult social care system (largely unchanged since its inception in 1948) and create a new system fit for the 21st century. Without radical change, the cost of social care could soak up every penny of a council's budget within 20 years. This is mainly due to the ageing population: people are living longer with disabilities or illness. For example, it is expected that by 2030 there will be a 40% increase in Plymouth residents over 65 with a limiting long term illness and a 60% increase in over 65s living with dementia.

14.4 Not surprisingly, it is predicted that, unless we are successful in transforming the health and social care system in the City spending on social care will pass 45% of the overall council budgets by 2019/2020. We are also facing challenges in terms of deprivation with Plymouth ranked 72nd (out of 326 districts in England) from the bottom for being most deprived. Although life expectancy is improving, the health of people living in Plymouth is generally worse than the average across England and there is considerable variation across the City.

14.5 Current pressures faced by Adult Social Care are estimated to be in £3.1m based on a planned budget of £67.9m for 2012/13. We have had considerable success in reducing spend year on year through our Strategic Transformation Programme which aims to:

- Provide clear information so more people can help themselves
- Tailor support to meet individuals' needs

- Spend every penny as efficiently as possible
- Support residents to do all they can to support themselves, family and community and to make best use of opportunities

14.6 We have developed a new personalised operating system for adult social care with clients, their families and our staff. The new system was designed and tested by frontline workers in 2011 and proved that we can offer a tailored service that reduces costs to the Council and provides better outcomes for people.

14.7 In the new system:

- Universally available information and advice
- People can talk immediately to a social worker
- A same day, free of charge, time-limited home care reablement service
- Assessments are carried out using mobile equipment making the process quicker and easier
- People have greater choice and control over the type of support and how it is arranged
- There is little or no waiting

14.8 During 2012 we have restructured and are now implementing the new way of working across the whole service. We have already reduced administration costs by £0.950m this year and expect further efficiencies.. Over the next 18 months we expect to see further reductions in cost as we embed the new way of working through:

- Transformation of rapid response crisis support and reablement (in partnership with the NHS) to significantly reduce or delay entry into long term care which will have a long term impact on reducing social and health care costs.
- Introduction of a new telecare offer for the City providing low cost “gadgets” and a response service that will help people to stay living independently, help carers to continue in their caring role and reduce direct social care costs.
- Reducing block contracts for traditional building based day care and implementing a new day opportunities framework which will offer around 300 different day time activities that people can choose to use through a personal budget and the new Direct Payment pre-paid card, which will provide greater choice and control for people and reduce costs to the Council.
- Mainstreaming our needs based resource allocation system (RAS) and applying this to all new and legacy clients. This is a way of more fairly allocating resources based on needs and not on the costs or availability of services and encouraging individuals to take a bigger role in organising their own support.
- Continuing to develop our operational managers to ensure they are able to support frontline workers in implementing the new system and in turn that they are able to work with people and their carers to help them to transition from the old to the new ways of working.

- 14.9 At a strategic level we are working with the newly appointed leaders of the local NHS to maximise the opportunity to integrate frontline services where it makes sense to do so and to ensure that, as a City, we properly invest Department of Health funding intended to support the transformation of social care to underpin local NHS plans to reduce hospital in-patient care and provide more health care at home.

Delivery plans 2013/14

- 14.10 The target in 2013/14 is a stretching challenge to Adult Social Care to reduce costs by £4.5m. Full details are shown in the appendix to this report.

**Children's Social Care
Education, Learning and Family Support**

- 14.11 The complexity of need in the City is rising. Data shows (IDACI) children experiencing vulnerability is set to increase by 6.5 % in the next four years. This is as a result of the increased birth rate however the rise in the most vulnerable children is greater than overall. This could result in demand for specialist and targeted services which could equate to an additional pressure of £6m on budgets by 2016. Welfare reform will clearly also have an impact.
- 14.12 The People Directorate has a clear strategy to deliver the city's pledges. This will meet the needs in families earlier and provide choice and improved outcomes for children, whilst reducing demand for specialist interventions later.
- 14.13 Bringing together delivery across Children's Social Care, Education Learner and Family Support and Homes and Communities alongside partners such as schools, health, police and community and voluntary sector will deliver re-designed early intervention and prevention services.
- 14.14 The Education and Skills Act 2011 sets out the Local Authority's duty to champion education excellence, vulnerable groups and parents and children's voices. These responsibilities continue to be delivered through the new landscape of partnership and co-operation. With the increasing diversification of the school delivery models new partnerships and co-operative approaches are being developed. Further integrated working models are being developed to continue the improvement of choice and control for children and parents where children have complex needs and disability. This is in preparation for the implementation of the SEN Green Paper.
- 14.15 Data is showing that the number of children in care is remaining steady. This demonstrates the impact of the last two years of re-design work which is making best use of our invest to save models through Early Intervention Grant. The numbers of CAFs being undertaken by the early intervention workforce has exceeded quarter one and two targets and are on track to deliver year end targets of 985. This activity demonstrates the Children's Trust workforce capacity to deliver early support.
- 14.16 The referrals to Social Care are still high and work is underway to increase the capacity to offer support to agencies and families prior to social care. This work is in partnership with schools and community and voluntary sector with increases in the targeted offer.

- 14.17 The Families with a Future programme is adding capacity to this delivery and will be addressing the specific needs of families where there is worklessness, absenteeism from school, crime and anti-social behaviour. Taking best practice from the Family Intervention Project and scaling up the offer through the Early Intervention and Prevention re-design will seek to achieve the government targets for the City. Alongside this a full review of parenting support and emotional well-being and mental health services will ensure there is a full range of accessible services.
- 14.18 The rising need and complexity in families with high harm related to alcohol and domestic abuse continues to be challenging. Workforce development and a continued focus on our collective “Duty to Co-operate” will be critical to future delivery.
- 14.19 Further challenges include the delivery of Raising the Participation Age duties. The number of young people in Education Employment and Training compares favourably, however, the most vulnerable young people are not sustaining placements in education, employment and training and this continues to be challenging. Good progress has been made to reduce risk taking behaviour, whilst teenage pregnancy rates have remained steady with local data showing a small reduction more needs to be done. Use of high harm substances has reduced however levels of cannabis with alcohol contributes to negative outcomes for young people. With the welfare reforms due to have a significant impact on young people’s housing, levels of crime, antisocial behaviour and substance misuse are likely to increase.

Delivery plans 2013/14

- 14.20 The combined Children’s 2013/14 of £1.460m illustrates how services work together to deliver changes and utilise resources. Full details are shown in the appendix to this report.

Homes and Communities

- 14.21 Homes and Communities as a newly created Department brings together a wide range of services of some complexity, brings new synergies and ways of working and new opportunities to do things in a smarter way to improve service provision for customers. Since forming on 1st March the six separate services that make up Homes and Communities have undergone a restructure consultation which we are now implementing around four main service areas, with a flatter management structure, and taking on additional responsibilities for care leavers support. This will realise management savings, while creating synergies of teams around issues to meet the aspirations of the new administration.
- 14.22 At the same time there are some risks:-
- 14.23 Changes to Welfare Reform includes being required to establish two new localised benefits schemes (to replace Council Tax Benefit and the Social Fund) by April 2013, with significantly less resources than the previous national schemes. In addition, cuts to national welfare benefits are estimated to amount to at least £13m per annum in Plymouth which is placing additional demands on services both in terms of increasing numbers of customers approaching front line services such as Housing Options and

debt and welfare benefit advice agencies, as well as increasing complexity of cases due to higher levels of vulnerability.

- 14.24 Policy changes from government in their thinking on localism and public services, communities and third sector organisations set out in the Localism Act and other legislation continue to affect how we deliver services, including how we work in partnership with agencies to tackle health and wellbeing, crime and housing.
- 14.25 Large scale regeneration projects in the city are on-going and this leads to increasing community churn, challenging cohesion, issues around housing capacity and the co-ordination of service provision within the city.
- 14.26 Homes and Communities has aligned services to try and meet the increasing demand head on and make sure the authority is able to robustly meet the needs of the population of Plymouth.
- 14.27 The new citywide Housing Plan sets out clear priorities to deliver against problems of increasing homelessness, lack of engagement within communities, poor and limited quality housing stock, and reduced public funding
- 14.28 The department is leading on Welfare Reform and cross-service work has been undertaken in preparation for the changes and includes identification of and contact with, vulnerable customers to offer advice and assistance; award of a new improved advice-giving contract including requirements to provide advice and support on welfare form; training for managers and 1,200 front line staff; awareness raising and liaison amongst partners; launch of a benefits take up campaign; consultation on and development of proposals for a local Council Tax Scheme and replacement for the Social Fund
- 14.29 Homes and Communities also leads the Council's response to the Positive for Youth strategy and Families with a Future work both linked to Early Intervention and Prevention work.

Programmes Office

- 14.30 Section 1 of the Plymouth Life Centre contract, i.e. the Plymouth Life Centre building itself, is complete and was opened in March 2012. Section 2, which includes the landscaping and reinstatement works in the park and completion of the highways works, is scheduled for completion in December. The operation of the Completed facility (along with the operation of Brickfields Sports Centre, Plympton Pool, Tinside Lido and Mount Wise Pools) was taken over by Sports & Leisure Management Limited (SLM).
- 14.31 SLM was awarded the 10 year contract through a competitive procurement process and it is remunerated by way of a monthly contract payment. This payment varies from year to year based on profiling presented through the tender process and increases by an inflationary mechanism (RPIx) annually.
- 14.32 The contract provides real savings against the cost of the service, as previously delivered through the authority, whilst delivering significant interventions to improve health and increase physical activity levels across the community.
- 14.33 A significant pressure (c. £1.67m annually) has been removed from the service budget in the form of the subsidy paid to support the operation of the Plymouth Pavilions. This service has been transferred to a private sector partner with no on-

going revenue support from the council. This has also removed significant maintenance liabilities from corporate landlord future budgets.

- 14.34 The contract will deliver a new international scale ice rink at Home Park and a remodelled and refurbished arena on the Pavilions site. This is an excellent example of the public sector working with the private sector to deliver services in an innovative and cost effective manner.

15. Place Directorate

Departmental context

15.1 The Place Directorate was established with effect from January 2012 and covers four departments:

- Economic Development
- Transport & Infrastructure
- Planning Services
- Environmental Services

As with all areas of the Council these services face a range of challenges in the current economic situation and all face significant policy changes and demands.

15.2 The key objective of the directorate is to support and enable the delivery of the growth and regeneration agenda across the city, using Council budgets, private sector support as well as income from assets eg Regional Development Agency (RDA) asset transfers, potential match funding and government funding streams which will help us to deliver the growth the City aspires to.

15.3 As the economy and economic growth remain sluggish it becomes more important than ever to invest in initiatives which protect or deliver new growth and helps shift the city's economy away from a public sector led and focuses on the opportunities in the city's private and social enterprise sectors.

The priorities for the Directorate during the next 12 months are the development of the City Deal, the delivery of the Administration's Election Pledges, the development of the Plymouth Plan, to maintain the support provided to the business premises and housing market, and provide focused support to drive forward key opportunities in the city centre and Derriford; work with the private sector on schemes such as Plymstock Quarry and Bickleigh Down development and set out priorities for funding support of major infrastructure.

15.4 The measures taken by the directorate in setting the budget for 2013/ 2014 and the following three year period remain on course. This is despite increasing challenges and pressures for each service as detailed below.

Planning Services

15.5 The Planning Services department is in the final stages of implementing a major restructure that realigns the staffing resources with key priorities across the city such as City Centre, Derriford, Sustainable Energy and to meet the new challenges brought about by changes to Planning legislation and the Council's own priority pledges. This will also enable staff to work in a flexible way so that they can be deployed more effectively against priorities.

15.6 The Community Infrastructure Levy (CIL) will replace the current planning obligations procedures and will help to streamline the current Section 106 agreement requirements. The introduction of CIL has major resourcing implications for future infrastructure planning and coordination of resources to support growth.

- 15.7 The fragile economy has necessitated a radical and innovative approach to overcome development viability through market recovery initiatives. Planning application and building regulation fee income is still vulnerable
- 15.8 Income generation within Planning Services has been benchmarked and shows that the range of extended services that are above the statutory minimum is wider than most comparable authorities. Planning's Building Control Team is also working in partnership with Cornwall Council to provide a wide range of chargeable Building Control services that share staff resources and expertise across the two Councils.
- 15.9 The potential for further increased income generation is assessed as limited, but further opportunities for income generation are being considered.

Economic Development

- 15.10 The Economic Development Department is now responsible for Museums, Arts and Culture, Events as well as the economic growth of the city with its challenging targets. Its priority projects for this year are the Plan for Jobs and City Deal as well as to ensure the Council receives maximum benefits from its land and property assets
- 15.11 At present the commercial estate is 95% let, which is an exceptionally high figure, given the size of the estate and the state of the economy, and recognising pressures which exist in the market place for cost efficient deals.
- 15.12 It is essential that the ED service retains capacity to deliver on the Council's growth agenda; unrealistic commercial income targets should not place service delivery at risk.
- 15.13 The Economic Development service is leading on a number of key initiatives that will be pivotal in ensuring that the Council's economic growth agenda is delivered including the Plan for Jobs, Derriford District Centre, City Centre re-development, Tamar Science Park & GAIN, inward investment, City of Culture, a new economic development trust for the North of the City, the 1000 club employment initiative, Bickleigh Down eco hub, City marketing and branding and the interface with the private sector through Destination Plymouth, Culture Board and the Growth Board.
- 15.14 The department is undertaking a series of strategic reviews to ensure that service delivery is aligned behind the Council's economic priorities. These include a review into Mount Edgecumbe, the Museums service and external income/sponsorship opportunities.
- 15.15 Destination Plymouth continues to drive the visitor economy forward with national recruitment for a new Chief Executive and will be seeking citywide sponsorship and commercialism to support the growth in the city's signature events and destination marketing.

Transport & Infrastructure

- 15.16 The key challenge for the service has to be the management of the c.£2bn of assets it is responsible for. The Highway Asset Management plan has identified significant investment required to maintain the network. The department is identifying through invest to save and risk management the appropriate response to the issues and challenges the network faces.
- 15.17 Another area of challenge is ensuring that income revenue through car parks is maintained. The car parks in the city have been upgraded and the income levels are good. The effective use of the Civil Enforcement team can ensure that the network has limited congestion and that the charging levels for the on and off street parking are at an appropriate level
- 15.18 The service is also responding to 'regional' connectivity issues to ensure we benefit from the likely decentralised budgets for major highway schemes as well as potential decentralised local train services. This may generate greater demands for revenue work in preparation as well as direct support of services.
- 15.19 The service will need to actively contribute to the newly created sub-regional transport board; as well as take forward development of outline business cases for future transport investment in support of delivery the City's major growth opportunities.
- 15.20 At the same time, there is a continued stream of work prioritising the need for the city to have better, quicker and more regular connections to London.
- 15.21 The Transport Capital Programme contains planned investment in small transport improvement schemes, maintenance or replacement of highway assets identified through the Highway Asset Management Plan, committed schemes being delivered through the Local Sustainable Transport Fund (LSTF) and schemes for improving transport secured through contributions from new development in the City.
- 15.22 The challenge has been that following that along with all authorities across the country, grant funding to the Council for small transport schemes was cut compared with the start of 2010/11 by 50% and will only rise to about 75% of the 2010/11 level by 2014/15. The Service has responded not only by raising the value for money but also securing match funding.
- 15.23 The amount of external funding secured for the 2012/13 transport capital programme is £1.15m and the LSTF will, in 2013/14, contribute £1.2m, representing about 22% of the overall Transport Capital Programme.
- 15.24 Strategic transport schemes, those being individual schemes costing over £3m, are schemes which support the Council's priority of delivering growth, providing the infrastructure along our major transport corridors to enable development to come forward and help create the conditions for investment in quality homes, employment and infrastructure. The revenue implications of developing these schemes to full business case for submission to funding bodies can be accommodated within existing Transport and Infrastructure revenue budgets and the Place Directorates consultancy budget

Environmental Services

- 15.25 Environmental Services is one of the most visible and valuable front line services with enormous challenges especially in the areas of waste disposal, waste collection and recycling. Managing public expectations of enhanced levels of service and a drive to increase recycling rates against a very tight budget is difficult.
- 15.26 While the amount of waste going to landfill per household is decreasing, an increasing population within Plymouth is resulting in increased waste tonnages overall. This, alongside landfill tax, which is increasing by £8 per tonne each year until 2014, is resulting in a significant annual increase in waste disposal costs of c£650k each year at a time when service budgets are reducing. The Council also faces fines of up to £150 per tonne if we landfill more biodegradable waste than our landfill allowance (LATS).
- 15.27 Recent months have also seen a significant reduction in the income obtained from the sale of recycling materials due to the current financial instability of markets commodity prices.
- 15.28 Environmental Services are rising to the challenges ahead by reviewing, benchmarking and prioritising future service provision and increasing income across a range of service areas where possible to provide services within current budget constraints.

16. Corporate Services Directorate

Departmental context

16.1 The Corporate Services Directorate was established with effect from January 2012 and covers four departments:

- Democracy & Governance
- Customer Services
- Human Resources & Organisational Development (HR & OD)
- Finance, Efficiencies, Technology and Assets (FETA)

16.2 The Department has again faced significant challenges to achieve the current year budget. We have significantly reduced our cost base whilst absorbing the additional demand of supporting the council in delivering change.

16.3 CIPFA benchmarking confirms that the majority of our support functions now compare favourably with other councils in terms of both cost and performance. Moving forward, we will continue to explore opportunities for further income generation and joint working with other public sector partners both within and outside of Plymouth.

Democracy & Governance

16.4 New developments in Democratic Support include supporting the new Health and well-being Board, Police and Crime Panel and Adult Health and Social Care Board.

16.5 The recently introduced web-casting trial of Council and Planning Committee meetings will continue throughout the next year with a review after six months. Webcasting will be expanded to include coverage of the budget scrutiny process and the Police and Crime Panel.

16.6 The Lord Mayor's staff have continued to deliver 'more with less' including its success with the National Armed Forces Day in June 2012 and homecoming parade for 29 Commando in July 2012. This experience will be used in working on the 100th anniversary of the outbreak of WWI in 2014 and the 70th anniversary of the end of the Battle of the Atlantic in 2013.

16.7 There is a continued increase in demand for legal services in a more litigious culture, in particular the increase in Judicial Review claims. The legal team working with client departments have shown success in defending such claims but at a financial cost to the Council. This may be ameliorated in the future by the recent Government announcement to restrict access to the Judicial Review procedure.

16.8 Pressure in the elections team has included the need to manage an additional election for the Police and Crime Commissioner. Whilst the Home Office have funded some additional expenditure, the staff time involved had to be absorbed.

- 16.9 A key major piece of work for Electoral Registration will be the introduction of individual electoral registration which is a huge change in the process of registration. It will require staff training and investment in the IT system to support the planning, testing and implementation by 2014. In the meantime, the electoral registration service continues to meet and exceed the Electoral Commission standards of performance.
- 16.10 Capital investment is required in the Registration Service Lockyer Street offices to replace the shelving for the registers. In addition work is required to bring the building to DDA compliance and replace the heating system.
- 16.11 Challenges and service pressures are continually arising from the implementation of the Localism Act 2011; this includes the Community Right to Challenge, the Assets of Community Value and governance changes. These new provisions are characterised by their publication with a matter of days' notice before implementation and the fact that they are ill-drafted and thought out. These new provisions are being implemented within available resources.

Customer Services

- 16.12 Nationally library footfall is reducing, however Authorities who can offer additional services (both Council and partner organisations) through these community hubs can see this trend reversed and present a more holistic service in the communities they serve. The work taking place within libraries under the Health Project is already seeing an upturn in visitors.
- 16.13 The migration onto new technologies within Customer Services e.g. Dynamics has provided a baseline for the customer transformation programme that can be scaled up to expand and offer channel shift opportunities to deliver efficiency savings as customers self-serve.
- 16.14 The integration of the Library Service within Customer Services is enabling preparatory work to be undertaken to ensure service delivery within community hubs that can contribute to the channel shift savings contained within the Corporate Transformation Programme. This closer working relationship will ensure a consistent service delivery culture focused on quality interactions and maximisation of "touch points" with our customer base

HR & OD

- 16.15 The Finance, Efficiencies, Technology and Assets department is piloting the new transformation methodology to drive out more efficiencies and streamline their structures. This includes management delayering. This will commence in late November '12. In September 2012, City Council approved the allocation of capital funds to support the investment in ICT and customer-facing services. The transformation will focus on the modernisation of services and an efficiency agenda to move to the most effective ways of working. Every department of the Council will undergo a Fundamental Service review (FSR) with the first four departments currently starting this process. The full year revenue savings are estimated as £3million from year two of the programme.

16.16 Work continues on the HR & OD transformation project that will deliver significant efficiencies across the department and the wider Council. This project includes replacing the current payroll system, better employee data management and reporting, streamlining HR processes and moving them online, and moving to a unified Microsoft platform (Dynamics AX). Financial savings from this project are expected to be accrued from 2013/14 onwards.

Finance, Efficiencies, Technology and Assets (FETA)

16.17 Increasing demands have been placed on the finance service to keep up to speed and model the implications of numerous changes to government guidelines and policies. The nature of finance has fundamentally changed from traditional based monitoring to more proactive support to, and enabling of, innovative service based projects with multiple funding streams.

16.18 Moving forward, we will review the functionality of the client finance service to ensure that it correlates with the changes made within the Adult Social Care service that it supports.

16.19 The Revenues and Benefits service continues to embrace radical change. Having implemented a new structure in November 2012, the service is now delivering tangible performance improvements at significantly less cost.

16.20 Welfare reform changes continue to evolve. We have developed a local Council Tax Support scheme that will be implemented in April 2013 that addresses the difficult challenge of an estimated £2.6m shortfall in funding. Council Tax technical reforms, changes in the Council Tax base and a fundamental review of the local Business Rate system will place further strain on the service as will administering the Council's Social Fund (transferring from DWP responsibility)

16.21 We will continue to improve our management of and pursuit of housing benefit overpayments and aim to deliver tangible financial savings in this area in 2013/14

16.22 ICT was integrated into FETA from February 2012. The service has sharpened its customer and strategic focus and continues to evolve its operational delivery in preparation for shared service delivery.

16.23 The key challenge faced by ICT is to support the overall Council change programme, with existing capacity stretched to the limit in delivering a number of key high profile projects. We continue to engage and manage private sector contractors and agency staff to enhance skill sets and provide additional capacity although such resources are scarce due to market competition.

16.24 The management of the Corporate Property service will be reviewed to reflect changes of responsibility to the Place Directorate and a fall in demand for facilities management from Schools. The Corporate Landlord initiative will continue to improve our management of the corporate estate with better prioritisation of repairs and maintenance and more robust health and safety arrangements.

16.25 Strategic Procurement continues to work in partnership with the Federation of Small Businesses, Chamber of Commerce and other Plymouth public sector stakeholders, to improve opportunities to businesses across the city. A ten point charter in support of local trade has been developed and will be formally adopted by a number

of partners across Plymouth within the next month. This builds upon a procurement awareness event was hosted by Plymouth in October 2012 that attracted representation of over local 400 businesses.

- 16.26 Delivery plan targets for procurement remain challenging. We are on course to deliver £1m efficiencies in 2012/13 through smarter purchasing from using the centralised buying system and renegotiating strategic contracts. Moving forward, several areas of category management will be introduced such as the procurement of emergency repairs, energy purchasing and facilities management to contribute to the £1.1m step up in savings required for 2013/14.
- 16.27 We continue to challenge down the cost of external and internal audit, ensuring that these contracts provide adequate assurance to management whilst delivering their statutory responsibility.
- 16.28 The FETA service as a whole is engaging in a fundamental review of its services to customers and efficiency of processes. Challenging and rationalising our existing management arrangements, standardising systems and exploring further opportunities for joint / shared working will deliver significant savings in 2013/14 and beyond.

17. Chief Executive's Office

Departmental Context

The department is at the heart of implementing changes to local government and the Council's co-operative agenda, which involves greater engagement with residents and partners.

- 17.1 The results of the Listening Plymouth survey have highlighted the need for a continued emphasis on involving communities in decision making about their localities and this is a priority for the service.
- 17.2 The performance of local authorities is now being monitored and assessed in new ways, with less Government focus on inspections and prescriptive partnership approaches. The service is developing new approaches to ensure the Council maintains and develops strong performance management and monitors the delivery of its priorities.
- 17.3 The Communications Service needs to be at the heart of developing the co-operative council approach and communicating effectively with Plymouth residents and partners.
- 17.4 As the Government makes huge changes to areas such as welfare reform, it is vital that the Council communicates effectively with residents about how these changes affect them.
- 17.5 The communications service has been helping drive change throughout the organisation, including the introduction of a stronger and simpler visual identity and the standardisation of publications and document templates to reduce spending

across the Council. This has included reducing the number of printed publications produced by departments and ensuring information is available online and sent out electronically through email marketing.

- 17.6 The Communications Service is developing the Council's website to put greater emphasis on online transactions and is starting to use social media more effectively to communicate directly with Plymouth residents and partners.
- 17.7 This work to help Council departments communicate more effectively and efficiently needs to be further developed. The service has recently undergone an external peer review, which has emphasised the need to rationalise all communications activities across the Council.

18. Equality Impact Assessments (EIA's)

- 18.1 We have taken steps to ensure our budget plans are as fair as possible. To help achieve this, as in previous years, we have completed Equality Impact Assessments (EIA's) on the budget delivery plans. In line with updated legislation in the form of the Public Sector Equality Duty we have refined and simplified the EIA format and updated it to reflect our local priorities.
- 18.2 The EIA's build on those published in December 2011. They cover the nine 'protected characteristics' within the Equality Act as well our local priority to narrow the gap in equality, especially in relation to health, and improve community cohesion.
- 18.3 The Equality and Human Right Commission issue guidelines on meeting the Public Sector Equality Duty in policy and decision-making it is clear that to comply, public authorities need to show due regard to the aims of Public Sector Equality Duty when making decisions and setting policies. The guidance indicate that the equality duty does "not prevent you from making cuts, but provide you with a way of developing proposals which consider the needs of all members of your community". Further guidance also highlights that an EIA should ensure that decisions impact in a fair way and that where there is evidence that particular groups will be negatively affected by a decision, action should be taken to address this. EIA analysis should show that decisions are evidence based, transparent and that actions taken will be monitored and reviewed where appropriate.
- 18.4 Last year, in addition to the five departmental wide budget equality impact assessments we also completed specific EIA's at the implementation stage of key decisions if relevant. Where the EIA's have shown mitigation for 'differential impact' is required we have agreed specific actions. We will do the same this year. It is to be noted that given the new structures put in place this year we have undertaken an EIA for each of the three directorates plus the Executive Office.
- 18.5 Differential impact means that the decision might unfairly have more affect on one protected characteristic group or local priority action than another. Where this is a possibility that this could be the case action to mitigate is included in the EIA. A summary of key considerations are highlighted in the directorate and Chief Executive EIAs below.
- 18.6 It is to be noted that in relation to our commitment and duty to foster good relations between communities that across all directorate EIA's the changes to

services could mean that communities and protected characteristic groups might believe that they are more impacted than others which could impact detrimentally on community relations and cohesion. This will require monitoring and an emphasis on communication and engagement to provide context and detail about the service changes and what measures have been taken to ensure we have not discriminated to counter any misinformation or confusion.

- 18.7 Where there are redundancies, we will ensure that staff are not unfairly selected for redundancy e.g. on the basis of them having a particular protected characteristic within the Equality Act 2010. We will also seek to avoid any indirect impact on staff within these groups that we cannot objectively justify. Where changes lead to commissioning services in different ways, we will use our strategic procurement procedures, which include specific reference to equality, to ensure we meet equality requirements.

Chief Executive's Office

- 18.8 There is minimal potential for differential impact in relation to the changes put forward in the budget delivery plans for the Chief Executive's office. The proposal put forward for challenging the demand for Printing, Publicity and Advertising could have an impact for those whose first language is not spoken English, older people and those with disabilities who require information in an accessible format. Therefore we will continue to ensure that promotional material and information about services and where to access them is available in a range of formats and mediums. Where we review our corporate subscriptions we will identify those that make a positive contribution to the Public Sector Equality Duty to promote equality.

Place

- 18.9 We have identified that changes to public transport, accessible transport services and car parking charges have the potential to impact on people with disabilities, older and younger people who do not own their own cars as well as women who use public transport more than men or those on a limited income. Centralising our services to a single point of contact could have an adverse impact on older people or people with certain types of disability and people with English as a second language. Furthermore changing the location of the Tourist Information Centre will need to ensure accessibility for those with a disability and any changes to the cemetery and crematoria services and associated charges and fees could impact on those that require specialist services e.g. Muslim and Chinese Communities. To mitigate the impact of these changes bespoke EIAs will be conducted to inform the changes to the way these services will be delivered.
- 18.10 As we implement the Accommodation Strategy we will continue to take into consideration the needs of people with disabilities, particularly those members of staff with mobility impairment and with caring responsibilities. Changes to allotment fees and grass cutting could impact on those who feel vulnerable to areas that become overgrown or able to access and use allotments particularly affecting those with mobility issues or on a low income. Reviewing these procedures will be undertaken on a case by case basis taking into consideration access requirements and particular needs.

Corporate Services

- 18.11 At this stage, the delivery plans relating to Libraries do not change either the number of Libraries or opening hours. The modernisation of our library services could involve changes to staffing, opening times, building programmes and the book fund. We will therefore ensure we take measures to counter possible impacts to people that could be affected such as those with disabilities or those without ready access to the internet. A specific EIA will be completed and groups such as older people, BME communities and those that are visually impaired, young people and those on low incomes will be protected. Furthermore the focus towards libraries acting as Community Hubs will provide an opportunity to counter the adverse impacts through more localised provision and new training opportunities for staff to provide services linked to adult literacy provision, E learning and a growing demand for E books.
- 18.12 The review of procurement and commercial charging could impact on gender, race and disability. For example Guildhall space is booked by faith and belief groups and BME groups for events. We will therefore make sure discounted rates remain in place for our diverse communities and availability is balanced between income generating usage such as weddings through clear procedures in the bookings policy.
- 18.13 The national Council Tax Benefit scheme comes to an end 1st April 2013 to be replaced by a locally determined system of Council Tax Support. It is recognised that reducing the level of support will leave some households in significant financial difficulty. We have already taken measures to implement a local scheme with a Hardship Fund to be made available to support taxpayers facing exceptional hardship. The outcome of a consultation will be fed into a bespoke EIA on this process.
- 18.14 Action may be required in relation to Changes to the way Housing Benefit Overpayment recovery and debt collection is managed as well as ending the Employee Assistance programme all of which could have the potential for adverse equality impacts. As such specific EIAs will be conducted and actions taken to mitigate against any unintended differential impacts.

People

- 18.15 There is the potential for both positive and negative impacts across a range of protected characteristics for services incorporated within the People directorate. Our plans for Joint Commissioning and Adult Social Care service have the potential to impact on older people, those with a disability and impact on gender as the greater number of the service users are women. We will ensure that changes to the way community meals, domiciliary and respite and residential care services are provided will be carefully considered in new commissioning arrangements and service specifications. Specific service remodelling or decommissioning will be accompanied by an individual EIA so that any impact can be identified and mitigated against where feasible.
- 18.16 We anticipate that frontline services will be unaffected as individual care needs, identified through the care management process, will continue to be met in line with our statutory duties. However we will monitor services and individual packages to ensure there is no additional age or disability related impact and our assessed lack of impact can be identified in relation to faith, religion, belief and sexual orientation remains the same.

- 18.17 Within our Education and Family Learning Service the review our Children's Integrated Disability Service will be undertaken to ensure positive outcome for either carers or children with disabilities. The changes to the way school meals are managed will be assessed once the changes to the way the school meals budget is decided as this could have an impact on children and particularly children from families with a low income. We are mindful that plans to review the school settings team could impact on vulnerable groups such as asylum seekers and those where English is not a first language if services provided by Plymouth Adult and Community Learning and the Ethnic Minority Achievement Teams are impacted. Therefore any changes will be subject to careful consideration and actions that are identified through a specific EIA.
- 18.18 We will continue to prioritise those with greatest need and consider that plans to modernise the specialist school and short breaks facility provided by Downham House into a wrap around model will potentially have a positive impact for those with a disability and carers although. We will consult and consider best practice to inform any newly proposed delivery model.
- 18.19 We anticipate some changes, such as a review of the Personalisation Agenda for Children with a Disability and the transformation of Child and Adolescent Mental Health Service will provide opportunity to improve take up through improved promotion, targeting and needs assessment as well as the partnership working opportunities identified.
- 18.20 Similarly reviewing the management and delivery model of our Children's Centre's provides an opportunity to target provision towards our more vulnerable communities. Such a review would be informed by the needs identified in a specific EIA. Modernising the arrangement to the way the Employment Advice Service For Young People is delivered offers an opportunity for a targeted and contracted service directly with schools. We will ensure any transition is undertaken with the needs of the young people at the forefront of the service redesign with the completion of a specific EIA.
- 18.21 We anticipate that the Children's Social Care efficiency plans will have positive impacts for carers and vulnerable young people given the more localised and targeted provision. For example reducing out of city placements, transferring independent foster care into adoption or adult social care provision should have positive outcome for parents/cares and young people and the support packages will be monitored and reviewed to ensure there are no adverse equality impacts.
- 18.22 Our plans in relation to Leisure Management and Homes and Communities have the potential to impact on young children parents/carers, older people, people with disabilities and women. This is in relation to possible changes to the work programme of our Sports Development Team, schemes that might involve commissioning efficiencies and income generation and changes to the use of community assets. We have identified specific EIAs to mitigate against any adverse impacts and will monitor use of relevant services against the protected characteristics and if any groups are under-represented we will target information and encourage take up.

19 Budget Consultation and Public Scrutiny

- 19.1 The Council has continued to improve how it communicates with partners and the public in relation to its budget setting and spending plans. Throughout 2012/13 summary accounts have been made available within locations such as local libraries and Schools, articles published in the local newspaper and budget details issued in Plymouth People (the Council's newsletter) which is delivered to every household within the City.
- 19.2 The public consultation for the 2013/14 budget setting process took the form of a posted questionnaire. Working with professional partners, we randomly selected 8,000 households in the city and asked them to complete a straightforward set of questions to help inform our resource allocations.
- 19.3 The aim of this year's consultation was to determine the public's view on services that were important to them including spending priorities around health and community safety. We had a good response rate with more than 3,000 replies.
- 19.4 The Council continues to keep its partners fully informed of its corporate priorities and financial position through comprehensive quarterly performance and finance reports. As per previous years, presentations and discussions have been and will continue to be held with all key stakeholders such as political groups, Chamber of Commerce, local MPs, Unions and the LSP and Civil Society representatives, until the final budget is signed off at Full Council in February 2013.
- 19.5 Further analysis will be undertaken and submitted within the final report for Scrutiny Management Board in January; this will include an analysis of the comments provided by respondents as part of this consultation
- 19.6 The full results from the consultation and outputs from the stakeholder discussions will culminate in a thorough three day scrutiny of the corporate planning and budget documents along with those of our partners in January 2013 where the views of the public will be presented for the panel's consideration..
- 19.7 The recommended budget presented within this report is draft and subject to any necessary changes and amendments made through the consultation and scrutiny process (as approved through Cabinet and Full Council). It is also subject to any necessary changes as a result of the final settlement for Plymouth City Council that is expected to be announced late December 2012.
- 19.8 In order to scrutinise the budget an agreed set of evidence is to be heard by the Overview & Scrutiny Management Board (OSMB) on 9, 14 and 16 January 2013 (public meetings).
- 19.9 The OSMB will consider this as part of the scrutiny process and form a set of recommendations. These recommendations will be submitted to:
- Plymouth City Council Cabinet 12 February 2013
 - Full Council 25 February 2013

20. Adjustments

- 20.1 The overall revenue and capital budget allocations stated in this report are accurate based on the information known to us at the time of writing. However, there will be a number of adjustments that will be required within the overall revenue total.
- 20.2 The Corporate Items budget and individual departmental budgets will need to be updated and adjusted to account for:
- a) Virements undertaken during the budget setting process
 - b) Final allocations re Revenue Settlement;
- 20.3 Corporate adjustments will not materially affect the departmental revenue reduction targets or corresponding budget delivery plans as detailed within this report.

21. Summary

- 21.1 2011/12 was the first full year of significant public sector funding reductions under the 2010 Comprehensive Spending Review. 2012/13 also saw significant funding reductions.
- 21.2 This budget has also been set under very challenging conditions, building on the unprecedented income reductions. The Government continues to initiate significant policy changes with the full impact on the Council still needing to be understood.
- 21.3 Central Government is continuing to withdraw financial support for essential frontline public services in Plymouth.
- 21.4 Before we understand the full impact of the Chancellor's Autumn Statement, Plymouth City Council is budgeting to reduce spending by a further £17.8m in 2013/14, on top of the £20m already taken out in the past two years, bringing the reductions to a cumulative £37.8m over three years.
- 21.5 This report sets out our resource assumptions and sets them against our spending requirements.

2013/14 Resource (Income)	£198.3m (section 5.9 figure 2)
2013/14 Cost to run the Council	£216.1m (section 7.14 figure 8)
2013/14 Funding gap	£ 17.8m

- 21.6 We are already planning for reductions in future funding, and are continually receiving details of new initiatives from Central Government. The Directors and Portfolio Holders are already working up delivery plans for both 2014/15 and 2015/16, and these are included in this report.
- 21.7 Despite this operating environment, we are continuing our aims of transforming, modernising and increasing efficiency across the whole council. This has been demonstrated by the revised Senior Management structure to ensure we have a fit for purpose leadership team in place to delivery our objectives. Savings from further management delayering will deliver savings to the overall budget, and help protect frontline services.

- 21.8 As the Council undertakes transformation, there will be a need to reduce staff numbers, but this will continue to be managed in such a way as to reduce the need for redundancies. We are trying to minimise the scale of compulsory redundancies and we have just launched a voluntary release scheme.
- 21.9 The Council remains very ambitious with an extensive Capital Programme, as well as delivering the Controlling Group's Election Pledges.
- 21.10 This budget addresses the reality of the continuing reductions in grant funding whilst addressing the areas of most need.
- 21.11 The budget has acknowledged the demand needs from our demographics and the continuing pressures within the Adult Social Care service during its transformation and transfer to Personal Budgets.
- 21.12 It is imperative that as a Council we understand that we are all in this together, both as officers and as Members. We have just launched a staff suggestion scheme in order to benefit from the best ideas of those actually responsible for delivering our services.
- 21.13 Whilst recognising the need to reduce our services, and increase fees and charges, we are fully committed to minimise wherever possible the impact on the most vulnerable people in the City.
- 21.14 This is a draft budget report for consultation. Cabinet will consider all consultation responses, along with the output from the January 2013 budget scrutiny and any material changes from the Comprehensive Spending Review settlement in early February 2013 prior to recommending a final budget for adoption by Full Council on 27 February 2013.