

APPENDIX I:
CO-OPERATIVE COUNCIL FINANCE PLAN 2014 - 2017





**CO-OPERATIVE COUNCIL
FINANCE PLAN
2014 to 2017**



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Our co-operative values of being democratic, responsible, fair and working as partners will guide everything we do to address these financial challenges

When you are faced with the worst financial situation for a generation, you need to start doing things differently.

The scale of the Government funding cuts to Plymouth is huge. We can either see local services decimated or we can take firm and proactive action.

That's exactly what we have done with the City's Council's budget for 2014/15 to 2017.

This is the first time the Council has set an indicative three year budget. This is essential as the year on year cuts to our funding, combined with the rising costs of providing services and the rising demand for social care services in particular, means the Council is facing a £64.5m gap over three years.

To tackle this we are embarking on a large scale transformation programme that aims to prevent the large scale decimation of valued public services through a fundamental rethink about how services are provided. We are reducing costs by joining services up with partners and running services in new ways.

Another key part of our transformation is about delivering growth. Creating jobs benefits Plymouth residents directly but also brings more income to the Council and reduces its costs. We have been working hard over the last 18 months to bring new jobs and homes to the city. This has included creating a £20m Investment Fund to support job creation and launching the 1,000 Club, which has seen partners in Plymouth provide hundreds of opportunities for young people.

Our transformation of adult social care is already improving the lives of Plymouth residents by giving them more choice over their own care and opportunities to live independent lives. This will continue.

We will also be transforming the way we provide services to our customers by making it easier for them to contact us and get their requests resolved more quickly and efficiently.

While our proactive approach to rethinking how we do things aims to minimise the impact of the Government cuts, they are still having a very real impact on services in Plymouth. We continue to have to make tough decisions about services.

Our co-operative values of being democratic, responsible, fair and working as partners will guide everything we do to address these financial challenges. This means the welfare of our citizens and listening to their views will always be the top priority when we make decisions on how to allocate our resources and plan our services.

Councillor Tudor Evans
Leader of the Council

THE CHALLENGE

We face the biggest financial challenges in a generation as the Government continues to cut funding to local government, the cost of providing services rises and demand increases.

We have already successfully reduced spending by £30m over the last three years. We have increased efficiency and reduced the costs of support services with the aim of protecting valued frontline services.

We now face a further funding cut of £33m over the next three years and when this is added to essential spend on delivering services the estimated funding shortfall for 2014/15 to 2016/17 totals £64.5m.

The Government is cutting Plymouth's formula grant from £76.6m to £37.64m between 2013/14 and 2016/17 – a cut of 51 per cent.

Our gross budget for 2013/14 was £554m and our net revenue budget was £212.6m. We are anticipating that this will reduce to a net budget of £184.5m by 2016/17.

With challenges on this scale we need to take a more proactive and commercial approach to business planning. This is the first year that we are setting a three year indicative budget for 2014/15 to 2016/17.

£30m

has been removed from our budgets over the last three years

£33m

of Government funding is due to be cut over the next three years

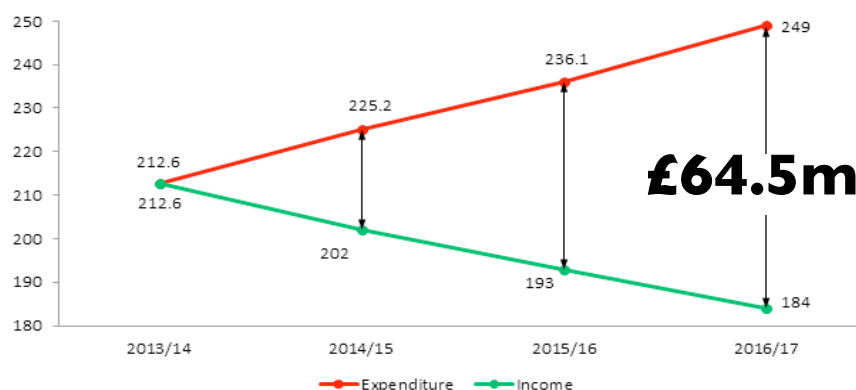
£64.5m

is the projected funding gap by 2016/17

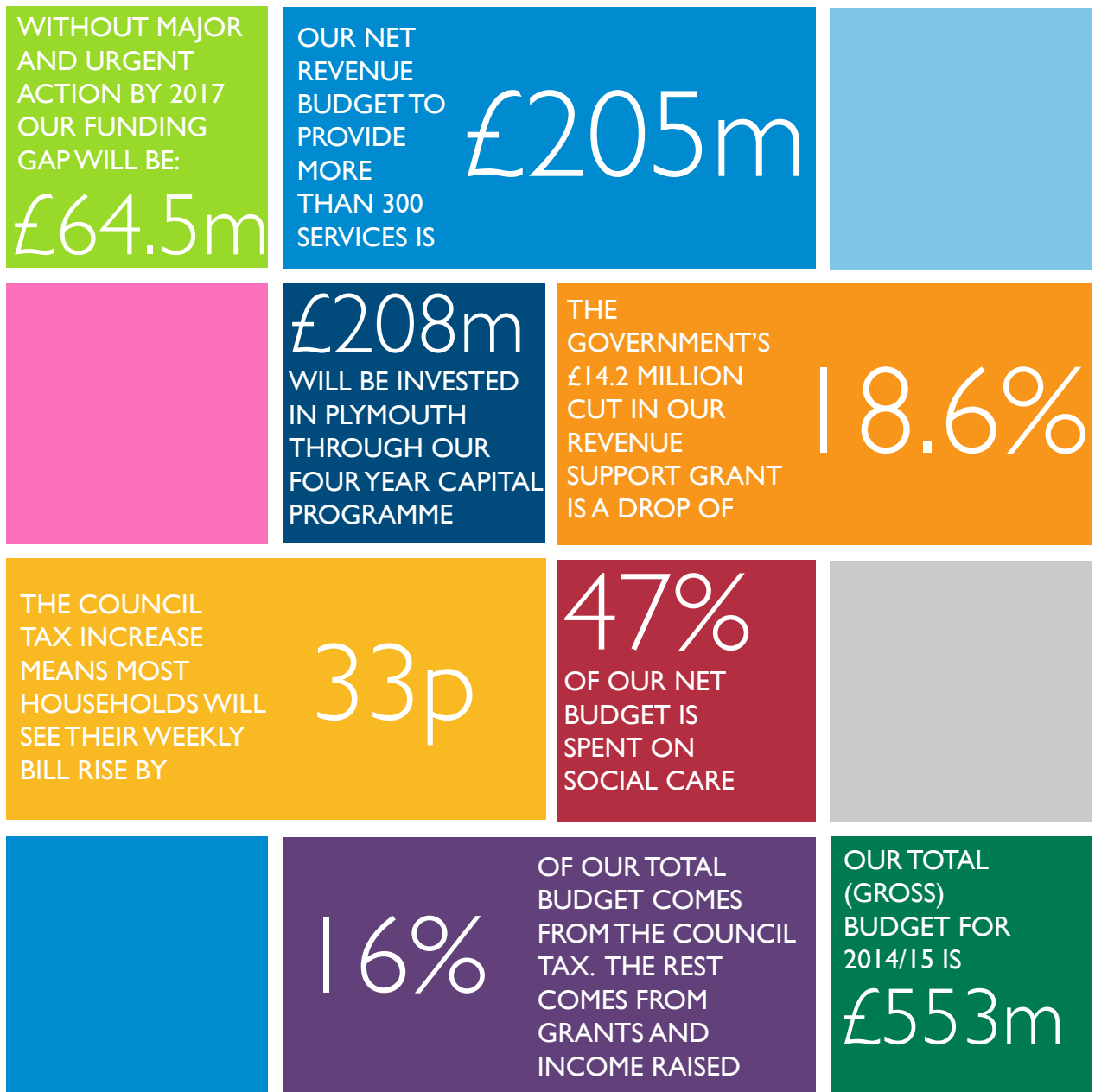
51%

is being cut from our formula grant

Funding gap over 3 years



OUR 2014/15 BUDGET AT A GLANCE



INVESTING IN PLYMOUTH

We are committed to continuing to invest in Plymouth despite severe pressures on our sources of capital funding.

Recent capital investment has included a £20m fund to support job creation, an extra £2m a year investment in improving Plymouth roads, supporting the major refurbishment of the Theatre Royal, delivering the new University Technical College and new school buildings such as the Marine Academy, All Saints Academy and Tor Bridge Campus.

Challenges

We are continuing to challenge the affordability of our four year Capital Forecast for 2013/14 to 2016/17. There is uncertainty over future capital grant funding and income generation through capital receipts. The four year forecast is based on known and anticipated future funding streams.

We will continue to be proactive to secure external grant funding so we can continue to deliver substantial capital investment in the city.

Priorities for investing in Plymouth

We aim to deliver a capital programme valued at more than £208m up to March 2017.

Major investment is planned to attract new businesses to Plymouth, such as £2.5m in employment units at Langage.

We are improving our transport infrastructure and road network through schemes such as the £1.5m Marjon link road scheme, which will improve bus access to Derriford, and a £3.5m scheme to improve cycle connectivity between the city centre and Plymstock, which will see the refurbishment of the old Laira rail bridge into a pedestrian and cycle bridge.

We are also investing in energy saving initiatives such as solar panels and LED car park and street lighting.

We will be investing in two new schools, including £5m for a new Knowle Primary.

We are also introducing a £50m affordable Housing Loan scheme for social and co-operative housing associations to encourage growth and improve the choice of affordable housing in the city.

£208m

of capital funding will be invested in Plymouth over four years

£20m

additional funding is being invested in repairs to roads over 10 years

£5m

will be invested in a new Knowle Primary School

Pictured (clockwise): An artist's impression of the History Centre; the Council supported the redevelopment of the Theatre Royal last year; pupils at the new campus at Estover celebrate its opening.





The first members of the Plymouth Energy Community

OUR PROGRESS SO FAR

In May 2012 we set out our plans for creating a Co-operative Council and made 100 pledges to build a better Plymouth. By January 2014 we had delivered more than 80 of the pledges.

Over the last 12 months we have:

- Made job creation and growth a top priority for the Council and launched a new Plan for Jobs with a specific focus on getting people into work.
- Created a £20m Investment Fund as part of the Plan for Jobs, which aims to create more than 2,000 jobs in the city over two years.
- Launched a range of growth initiatives including the 1000 Club, which has seen employers across the city provide hundreds of opportunities for young people.
- Agreed the Plymouth and South West Peninsula City Deal with the Government, which is aimed at creating more than 10,000 jobs, growth for 25,000 businesses and opening up Plymouth's South Yard for marine businesses. The City Deal will aim to invest £296 million in the region over the next 15 years.
- Focused on supporting new homes for the city by bringing Council owned sites forward. Our Get Plymouth Building programme aims to maintain momentum in housing delivery.
- Worked to minimise the impact of the Government's welfare reform on the most vulnerable residents. For example, we developed and consulted on a local Council Tax support scheme. We also produced a 'Money Advice' booklet to help explain changes to the benefit system that affected more than 16,000 residents.

We've made job creation and growth a top priority and have launched a Plan for Jobs

Plymouth

Britain's Ocean City

We launched a new city brand and installed new welcome signs for the city



We increased openness and transparency by webcasting meetings



We helped get Plymouth building by agreeing deals for the development of 10 Council owned sites.

- Joined up social care and health services to maximise the opportunities for joint working and improve outcomes for residents. Health and social care staff are now located together and we welcomed Public Health into the Council in April 2013.
- Launched an action plan to tackle child poverty in Plymouth.
- Held a young persons' travel summit with bus companies to explore ways of supporting young people to get around the city.
- Set up an energy mutual – the Plymouth Energy Community – to enable residents to collaborate to save on their energy bills and reduce their carbon footprint.
- Introduced a Plymouth app to enable people to report problems such as graffiti and flyposting through their smartphones.
- Introduced free wi-fi in our biggest libraries.
- Launched a major campaign to tackle potholes that will see an extra £2m a year invested in tackling the problem over 10 years.
- Launched plans for a Plymouth History Centre and submitted a bid for £12m from the Heritage Lottery Fund.
- Introduced a charter for older people's care.
- Consulted on a new Plymouth Plan by taking a sofa consultation exercise to locations across the city. The aim was to encourage comment and debate on every aspect of life in Plymouth as the city prepares to set out its direction for the next two decades.
- Supported the £7m Theatre Royal redevelopment through a restructuring of the leasing arrangements and providing £2m match funding.
- Launched a new Plymouth Fairness Commission to find out what Plymouth people think is not fair in the city and what can be done to address problems.
- Agreed a Central Park Master Plan that includes more than £11 million of projects.

THAT FIGURES...

OUR YEAR IN NUMBERS



1,446,160

nutritious school meals were served up – that's 26,970 more than in 2012



921,450

people visited Plymouth libraries



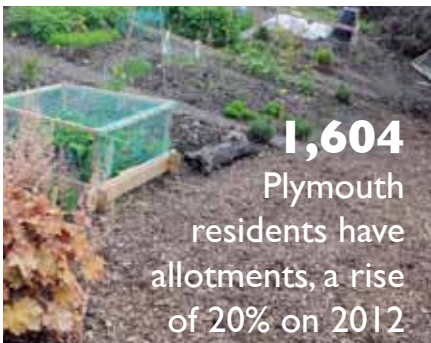
10,651,460

kerbside collections were made from Plymouth homes last year



5,000,000

square metres of grass are mowed by the Council each cycle



1,604

Plymouth residents have allotments, a rise of 20% on 2012



£45.3m will be put into the local economy through the Plan for Homes, which will create 2,000 jobs.



5

Plymouth parks now have a Green Flag Award



18km

of new tarmac was laid as part of a six month blitz to permanently repair Plymouth roads



5,000

whips (young trees) were planted by the Council



1,022 tonnes

of leaves were cleaned up and composted



10,000

hours of domiciliary care helped people living in their own homes



534

families were prevented from becoming homeless

2,300,000

people
have
visited the
Plymouth
Life
Centre



Welcome to
PLYMOUTH
Britain's Ocean City

The number of people
visiting Plymouth rose by

14%



96%
of people calling
the Council
said they were
satisfied with
our response

You can now
join our
libraries
at age

0



Our investment in solar
panels will save
£64,000
a year



386
children are being
supported through a
child protection
plan



123,447
tonnes of rubbish
and recyclables
were collected



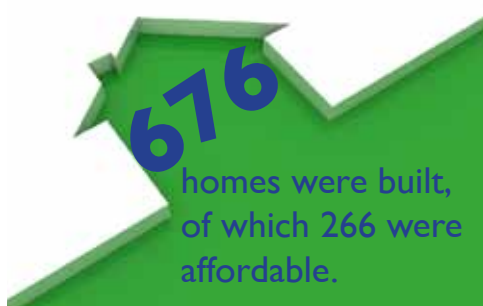
Since 2009 our planning committee
has approved developments valued
at **£2,000,000,000**



1,440,292
people viewed
12,480,351 pages on
plymouth.gov.uk

...and
14,325

now keep
up-to-date
with us on
Twitter



676
homes were built,
of which 266 were
affordable.



OUR CORPORATE PLAN

We adopted a new Corporate Plan in July 2013 that sets out the Council's commitment to becoming a Brilliant Co-operative Council and the vision to create a fairer Plymouth where everyone does their bit.

The plan provides the framework for everything we do, what we want to achieve, how we deliver services and the way we operate.

At the heart of the plan is a co-operative approach that puts citizens in control of their communities and the services they receive.

The plan sets out four objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth and identifies outcomes that we aim to achieve over the next three years.

Values

The plan also sets out shared co-operative values that are central to the way the Council operates.

The values of being democratic, responsible, caring and working as partners will guide the Council as it transforms services, while working closely with residents, service users, staff and partners.

The vision is to
create a fairer
Plymouth where
everyone does
their bit

OUR PLAN THE BRILLIANT CO-OPERATIVE COUNCIL



CITY VISION

Britain's Ocean City

One of Europe's most vibrant, waterfront cities where an outstanding quality of life is enjoyed by everyone.

CO-OPERATIVE VALUES

One team serving our city

<p>WE ARE DEMOCRATIC</p> <p>Plymouth is a place where people can have a say about what is important to them and where they can change what happens in their area.</p>	<p>WE ARE RESPONSIBLE</p> <p>We take responsibility for our actions, care about their impact on others and expect others will do the same.</p>	<p>WE ARE FAIR</p> <p>We will be honest and open in how we act; treat everyone with respect; we will champion fairness and create opportunities.</p>	<p>WE ARE PARTNERS</p> <p>We will provide strong community leadership and work together to deliver our common ambition.</p>
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OUR OBJECTIVES Creating a fairer Plymouth where everyone does their bit

PIONEERING PLYMOUTH	GROWING PLYMOUTH	CARING PLYMOUTH	CONFIDENT PLYMOUTH
We will be pioneering by designing and delivering better services that are more accountable, flexible and efficient in spite of reducing resources.	We will make our city a great place to live by creating opportunities for better learning and greater investment, with more jobs and homes.	We will promote a fairer, more equal city by investing in communities, putting citizens at the heart of decision-making, promoting independence and reducing health and social inequality.	We will work towards creating a more confident city, being proud of what we can offer and growing our reputation nationally and internationally.

THE OUTCOMES What we will achieve by this plan

<ul style="list-style-type: none"> ■ The Council provides and enables brilliant services that strive to exceed customer expectations. ■ Plymouth's cultural offer provides value to the city. ■ A Council that uses resources wisely. ■ Pioneering in reducing the city's carbon footprint and leading in environmental and social responsibility. 	<ul style="list-style-type: none"> ■ More decent homes to support the population. ■ A strong economy creating a range of job opportunities. ■ A top performing education system from early years to continuous learning opportunities. ■ Plymouth is an attractive place for investment. 	<ul style="list-style-type: none"> ■ We will prioritise prevention. ■ We will help people take control of their lives and communities. ■ Children, young people and adults are safe and confident in their communities. ■ People are treated with dignity and respect. 	<ul style="list-style-type: none"> ■ Citizens enjoy living and working in Plymouth. ■ Plymouth's brand is clear, well known and understood globally. ■ Government and other agencies have confidence in the Council and partners: Plymouth's voice matters. ■ Our employees are ambassadors for the city and the Council and they are proud of the difference we make.
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PIONEERING PLYMOUTH

We will be pioneering by designing and delivering better services that are more accountable, flexible and efficient in spite of reducing resources.

This will involve providing and enabling services that exceed customer expectations and ensuring we use all our resources wisely.

There will be a single point of contact for our customers and we will hold all customer data in one place, so we can deal with all customer enquiries at that point of contact.

REVIEWING SERVICES TO IMPROVE EFFICIENCY

We will be carrying out reviews of a range of services in order to increase efficiency and reduce costs.

For example, we are looking at the most efficient way of delivering environmental services. Our current spend across these areas is around £9.3m and our aim is to reduce this.

We will review existing refuse collection routes, expand household glass recycling and review back office support.

We remain committed to weekly bin collections for our residents.

Our caretaking and cleaning services will also be reviewed. With the creation of academies over the last few years the demand for the service has been reducing as schools opt out and choose their own service providers.

We aim to deal with all customer enquiries at point of contact

PIONEERING OUTCOMES

- The Council provides and enables brilliant services to strive and exceed customer expectations
- Plymouth's cultural offer provides value to the city
- A Council that uses its resources wisely
- Pioneering in reducing the city's carbon footprint and leading in environmental and social responsibility



Spending on corporate services has been reduced substantially

Spending on corporate services has been reduced substantially over the last few years and we have driven out £30m of net revenue spend.

Further rationalisation is needed in order to protect front line services. Where possible, we will look to amalgamate and reduce management positions and hierarchical layers in support structures rather than a blanket cut on jobs. However, there will inevitably be some reduction in posts.

A Transaction Centre was set up in 2011 as part of the wider review of Customer Services, Revenues and Benefits, Creditors, Debtors and Cashiers. Its aim is to pay bills and collect money in the most efficient way possible.

The longer term aim for this centre is to incorporate more transactional, high volume functions. We will increase the functions moving into the Transaction Centre during 2014/15 and increase efficiency by using a standard set of processes and systems and reducing management overheads.

A CULTURAL OFFER THAT PROVIDES VALUE

We want Plymouth to continue to have a vibrant cultural life that is accessible to its residents.

We will continue to offer a strong programme of events that attract visitors and raise the city's profile nationally and internationally.

This includes attracting or running more national events such as the annual British Firework Championships.

We need to protect our great historical assets and make them more accessible to everyone. We have submitted a bid for £12m Heritage Lottery funding to help build a History Centre which will bring the city's history to life, while also housing our city's archives.

Mount Edgcumbe Country Park, which we jointly own with Cornwall Council, is a great asset. A strategic review has been jointly commissioned with Cornwall to identify ways of increasing income and efficiency to support the sustainability of the park.

We currently operate 17 libraries across the city at an annual revenue cost of £2.8m. Our future vision for the service is to enhance the existing facilities.

This involves challenging the current usage, looking at local needs and the potential for how each asset can serve the local community.

We are currently rolling out wi-fi across all libraries. Further investment will be required to deliver the longer term vision.

LEADING IN SOCIAL RESPONSIBILITY

We will continue to be pioneering in reducing the city's carbon footprint and leading in environmental and social responsibility.

We are installing solar panels on our properties and working with schools and colleges across the city to reduce their carbon emissions.

We are investing more than £12m to replace all of our street lighting with LED bulbs. This initiative has the dual benefits of reduced running costs and lower energy emissions, together with providing better lighting and therefore a safer environment for residents.

£12m

is being sought from the Heritage Lottery Fund for a new history centre

17

libraries are provided for Plymouth at an annual cost of £2.8m

£12m

is being invested in energy efficient street lighting



A GROWING PLYMOUTH

We aim to make our city a great place to live by creating opportunities for better learning and greater investment, with more homes and jobs.

Focusing on growing Plymouth's economy is not only the right thing to do to support city residents; it also raises income for the Council and reduces the financial pressures.

We will achieve our ambitious targets for growing the city through a range of initiatives.

GROWING OUR ECONOMY

We have created a £20m fund to invest in Plymouth's economy as part of our Plan for Jobs. This fund is being used to invest in property and businesses to protect jobs and stimulate local job creation. We will also aim to maximise investment into the city through match funding with government and other external grant funding.

The Plan for Jobs aims to create more than 2,000 jobs in the city over the next two years. Projects include the 1000 Club which involves working in partnership with the private and social enterprise sector to boost the number of apprentices across the city.

We have agreed the Plymouth and South West Peninsula City Deal with the Government. It aims to create more than 10,000 jobs, growth for 25,000 businesses and open up Plymouth's South Yard for marine business.

Plymouth has also joined forces with our neighbouring authorities in Devon, Torbay and Somerset as part of The Heart of the South West (HotSW) LEP (Local Enterprise Partnership). This strategic partnership is formed under the leadership of the private sector and supported by the local authorities to influence the economy for the region.

The Plymouth Plan sets out the framework for growth in the city over the next 15 years. Over the last year we have been asking residents and businesses for their ideas and input as we develop the plan. The feedback we received will inform the drafting of the Plymouth Plan.

861

jobs have been created through the Plan for Jobs

£296 million

will be invested in the region over 15 years through the City Deal

GROWING OUTCOMES

- More decent homes to support the population
- A strong economy creating a range of job opportunities
- A top performing education system from early years to continuous learning opportunities
- Plymouth is an attractive place for investment



GROWTH INITIATIVES INCLUDE

- Plan for Jobs
- Plan for Homes
- City Deal
- City Centre regeneration area
- Derriford Growth area
- Waterfront regeneration area
- History Centre HLF submission
- Mayflower 2020

16 initiatives are in the Plan for Homes to encourage developers to provide more housing



We will continue to work to create more decent homes in Plymouth to support growth.

The budget supports the Council's plans for 1,000 new homes a year. Our Plan for Homes has 16 initiatives to encourage developers such as waiving planning pre-application fees, work to attract new investors and the release of 100 acres of Council land that can be developed for housing.

The aim is to provide an Affordable Housing Loan Facility of up to £50 million to unlock funding for local housing providers to develop a mixture of social and privately owned homes on specific sites.

The budget also delivers our commitment to improving Plymouth roads. It includes £2 million extra each year for the ongoing road resurfacing campaign. This priority has been protected from the Government's funding cuts.

A TOP PERFORMING EDUCATION SYSTEM

To deliver growth and jobs we need a top performing education system from early years to continuous learning opportunities.

We will continue to raise achievement and retain the number of schools judged good or better by Ofsted.

Just over 80 per cent of our schools are rated by Ofsted as either good or outstanding.

Last year three per cent more pupils achieved five or more GCSEs and our performance is now above the national average.

We are continuing to focus on the issues of rising youth unemployment and young people not in education, employment or training.

A review of the Education, Learning and Family Support (ELAF) service has recommended the service forms a 'co-operative' which will create a new organisation to continue to provide high quality services to the Council while trading and generating income through other avenues.

This proposal is currently being fully investigated to better understand the costs and benefits of the co-operative model.

18,000

pupils receive top quality PSHE support in 45 primary schools

150

young people work with the city Youth Council, helping influence decisions

3%

more pupils achieved five or more GCSEs and we are now above the national average

£194,000

funding was secured to support service children through the Armed Forces Community Covenant





A CARING PLYMOUTH

We want to promote a fairer, more equal city by investing in communities, putting citizens at the heart of decision making, promoting independence and reducing health and social inequality.

ADULT SOCIAL CARE

Providing social care for Plymouth's most vulnerable residents is one of the biggest areas of the Council's spending and costs are rising rapidly as the population ages.

There are currently more than 36,000 over-65s in Plymouth and this is estimated to increase to over 46,000 by 2016.

The net budget for Joint Commissioning and Adult Social Care is £71m (£90m expenditure offset by £19m income).

The total adult social care services bill reached £94 million last year and of that £76 million went directly to city residents through packages of care and prevention services.

This year the adult social care services gross budget has been set at almost £90 million and despite having to make savings of around five per cent, the amount dedicated to care packages will increase to £77 million.

£94 million
was spent on social
care last year

CARING OUTCOMES

- We will prioritise prevention
- We will help people take control of their lives and communities
- Children, young people and adults are safe and confident in their communities
- People are treated with dignity and respect

46,000

Plymouth residents
will be aged over 65 by
2016

4,000

adults currently receive
care packages

£16,200

is the average spent per
person on individual
support plans

£77m

is spent on care
packages for adults

This must provide services for approximately 4,000 adults receiving social care packages, pay for over 1,100 people to be cared for in residential and nursing homes and provide more than 10,000 hours of domiciliary care provided to those living in their own homes.

Increasing demand and rising costs

There are a number of pressures that are putting severe strain on budgets. These include the increasing number of frail older people and people with dementia, the rising costs of providing residential care, the impact of inflation on all contracts and sharply decreasing Government funding.

We are addressing these issues by:

- Working to achieve the Health and Wellbeing Board target for integrating both provision and commissioning with health by 2016.
- Working with Plymouth Community Healthcare and Plymouth Hospitals NHS Trust to roll out care coordination to prevent unnecessary hospital admissions and discharges to residential and nursing homes
- Jointly commissioning services such as CES (Community Equipment Service)
- Jointly commissioning with health a Supported Living Framework for people with learning disabilities
- Continuing the roll-out of personalisation and promoting independent living

SAFEGUARDING CHILDREN

Our aim is to protect children from abuse and neglect and ensure the best possible support and opportunities for those who come into care.

The focus on child protection now is on early intervention and early decision making for children in care through the family justice review and adoption action plan.

One of our areas of focus is to maintain and improve our approach to working in partnership.

We need to support the delivery of Families with a Future and the Early Intervention and Prevention Programme to arrest the continuing pressure on referral numbers.

Plymouth has not seen the same rate of increase in numbers of children subject to child protection plans and children in care as other similar sized councils but there is a continuing rise in referral rates and more people than ever before contacted the Council last year with concerns about children.

This resulted in around 4,100 in referrals to children's social care, which is a 17 per cent increase.

This increase had a knock-on effect to the number of children subject to child protection plans, whose numbers rose to 382, an increase of 30 per cent.

The increase is likely to continue as the number of children in Plymouth rises. Forecasting shows there are currently 18,937 primary aged children and 17,221 secondary aged pupils. This is predicted to increase to 21,729 and 17,725 respectively by 2019.

We aim to retain a strong focus on growing our in-house foster care and parent and child placements.

The children's social care budget for the coming year has been set at just over £26 million and the support education and families budget (not including dedicated grants for building schools or schools) is just over £18 million, plus £5 million for youth services.

£26m

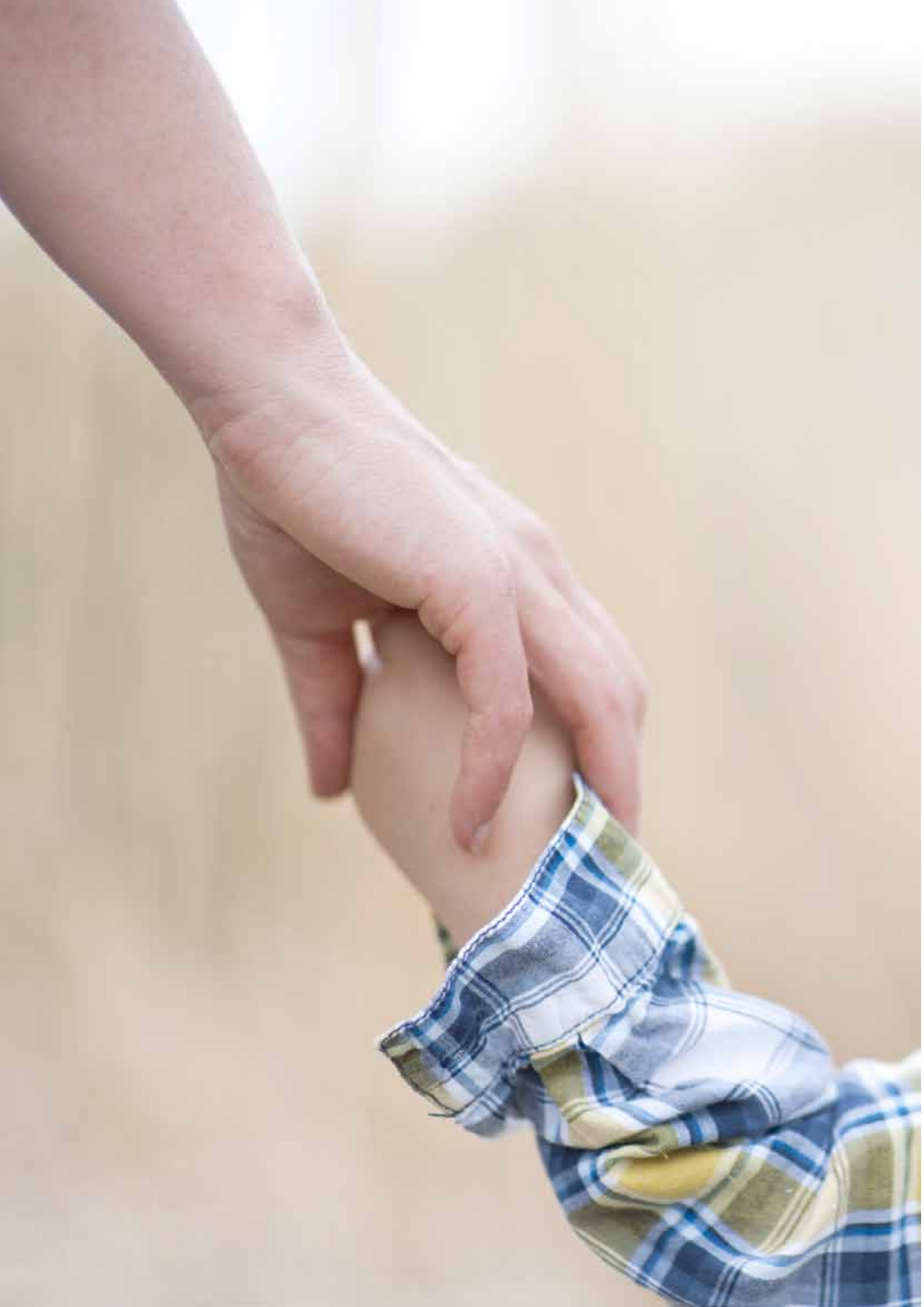
will be spent on children's social care this year

17,725

school age children will live in Plymouth by 2019

4,100

referrals were made to children's social care – a 17% increase



A CONFIDENT PLYMOUTH

We will work towards creating a confident city, being proud of what we can offer and growing our reputation nationally and internationally.

We launched the Britain's Ocean City branding in 2013 and the brand is supporting a strong programme of visitor and inward investment marketing.

The aim is to maximise Plymouth's reputation and tell a strong and compelling story about the city.

For example, Plymouth is now increasingly known for excellence in education, being at the forefront of marine science and industry and for its exciting annual programme of events and cultural activities.

The Mayflower 2020 anniversary provides an excellent opportunity to demonstrate Plymouth's place in the world.

A project will set out Plymouth's ambitions for this celebration to be a year of both national and international significance for the city.

We intend to commemorate this landmark anniversary to attract visitors, create jobs and commercial opportunities for the city and consolidate our special relationship with the US.

To deliver the growth that Plymouth needs, the city needs to have a voice that matters. We are increasingly setting out compelling cases for why the Government should support the city and sub region through better transport infrastructure, support for Devonport Dockyard and fairer funding for public health in Plymouth.

We aim to grow Plymouth's reputation and tell a strong and compelling story about the city

CONFIDENT OUTCOMES

- Citizens enjoy living and working in Plymouth
- Plymouth's brand is clear, well known and understood globally
- Government and other agencies have confidence in the Council and partners: Plymouth's voice matters
- Our employees are ambassadors for the city and the Council and are proud of the difference we make



23%

more staff now say
the Council motivates
them to contribute
more than is normally
required

106

apprentices are now
employed by the City
Council. They have
won a number of
national awards

The Council has been successful in pressing its case over these issues. The successful partnership approach to the Plymouth and South West Peninsula City Deal demonstrated that the city now has a stronger voice, not only with the Government but also with its regional partners. This work will continue to be developed.

Our staff as ambassadors

We want staff to be ambassadors for the Council and for the city and to be proud of the difference they make. Last year members of the Corporate Management Team held briefing sessions with all staff to discuss the new Corporate Plan, the financial challenges facing the Council and the need for changing the way we deliver services through the Transformation Programme. We will continue to make engaging with our staff a priority.



LISTENING TO RESIDENTS

As a co-operative council we are committed to listening to Plymouth residents and our partners about spending plan priorities.

Throughout 2013/14 we have engaged with citizens and partners to help shape the future direction of our services and funding.

We set up the Plymouth Fairness Commission in 2013 and it held a Summer of Listening to find out more about the fairness and unfairness issues affecting people who live and work in Plymouth.

It heard the views of more than 1,000 people through a series of events. This has provided valuable, independent feedback to help shape budget decisions.

Our consultation over the Plymouth Plan has included a sofa tour around the city to speak to thousands of residents. Our Plymouth Plan convention in a former city centre shop was attended by 1,400 people.

We held an online consultation on the 2014/15 budget to listen to citizens' views on which services are important to them as we address reducing budgets.

Discussions have also been held with all key stakeholders such as political groups, the Chamber of Commerce, MPs, trade unions and representatives from the voluntary and community sector.

Our aim is to continue to keep residents and partners fully informed of our priorities and financial position.

85%
would like to be
more involved in
decision making

72%
are worried about
spending cuts

73%
are satisfied with
living in Plymouth

RESIDENTS' HIGHEST PRIORITIES

LISTENING PLYMOUTH SURVEY 2013

PLANNING THE FUTURE SHAPE OF THE CITY

SPORT AND LEISURE FACILITIES

TACKLING CRIME **ROAD MAINTENANCE**
TACKLING LITTER

SUPPORT FOR CHILDREN WITH
SPECIAL EDUCATIONAL NEEDS

**FOOTWAY
MAINTENANCE**

**SUPPORT FOR
VULNERABLE CHILDREN**

REFUSE COLLECTION

**SERVICES FOR
YOUNG PEOPLE**

SUBSIDISED BUS SERVICES

PARKS AND OPEN SPACES

SUPPORT FOR PEOPLE WITH DISABILITIES

MENTAL HEALTH SERVICES

CREATING JOBS

**SUPPORTING NEW
BUSINESSES**

TACKLING VIOLENT CRIME

RECYCLING FACILITIES

**SUPPORT FOR OLDER PEOPLE
TO LIVE INDEPENDENTLY**

LIBRARIES

PARKS AND OPEN SPACES

We're supporting residents' priority of creating jobs by creating a £20m Investment Fund

We've refurbished Moorview Park and it has already been awarded a Green Flag

We've committed to weekly bin collections and expanding household recycling



THE TRANSFORMATION PROGRAMME

The scale of the Government's funding cuts and the size of the financial challenges facing the Council mean we need to take a radical approach to reducing spend and raising income.

The three year Transformation Programme will fundamentally change the way we provide many services to reduce costs and improve efficiency, while also improving services for customers.

This programme requires initial investment to provide the extra capacity needed to deliver large scale change. Over the three year programme we will invest £14.7m to deliver more than £54m savings. The scale of the changes mean the savings will mostly be delivered in the third year.

The changes will be focused on four key areas:

■ GROWTH AND MUNICIPAL ENTERPRISE

Investing in accelerating Plymouth's economic growth will ultimately reduce costs to the Council. A wide range of initiatives will aim to create more jobs and deliver more homes in Plymouth. This increases income to the Council and reduces costs. We will also maximise the opportunities to increase income by making best use of our assets and taking a more commercial approach to the way we commission and run services.

This programme aims to deliver more than £26.7m savings or income over three years at a cost of £1.8m.

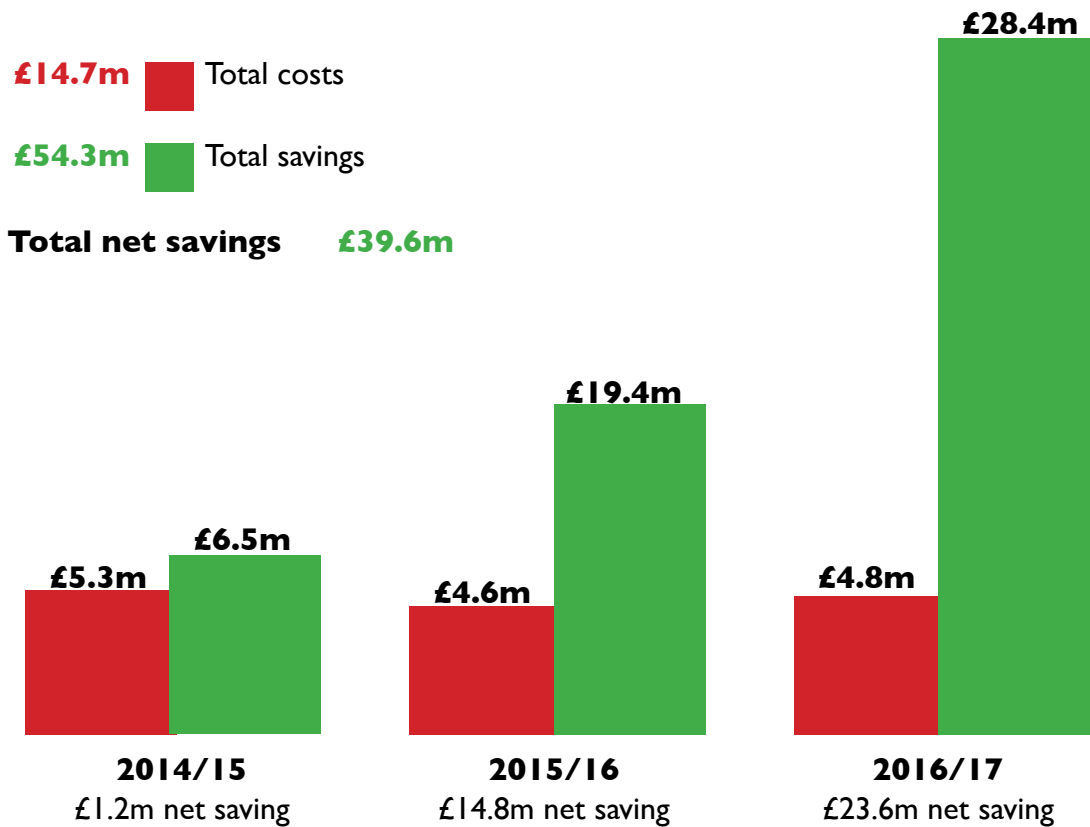
■ CUSTOMER AND SERVICE TRANSFORMATION

We will work with customers to design services in new ways that are more efficient and meet their needs and preferences. We will make it easier for customers to contact us and will deal with requests more quickly. We will provide fast and efficient services through our website.

The programme will cost around £1.3m over three years and deliver savings of more than £2.7m.

The Transformation Programme will change the way we provide many services

TRANSFORMATION PROGRAMME COSTS AND BENEFITS



£54.3m

savings will be delivered by the Transformation Programme for an investment of £14.7m

■ INTEGRATING HEALTH AND WELLBEING SERVICES

The costs of providing health and wellbeing services are rising and demand is increasing. We are working with our partners in the health service to take a joined-up approach to the way we provide and commission services. The focus is on reducing costs, improving the user experiences and improving the health of Plymouth residents. The programme includes improvements to preventative and intervention services to improve residents' health and therefore reduce demand for high cost services.

This programme aims to deliver almost £17m savings or income over three years at a cost of £1.3m.

■ CO-OPERATIVE CENTRE OF OPERATIONS

Existing support services will be replaced by a 'co-operative centre of operations'. The programme will look at how best to provide the highest quality and most efficient support services, including HR, finance, ICT, legal, procurement, partnerships, policy and community engagement.

A total of £1.7m will be invested in delivering the changes in order to save £8m.

The Transformation Programme will also improve the efficiency of the Council through supporting programmes. These include developing the skills and experience of Council staff.

COUNCIL TAX

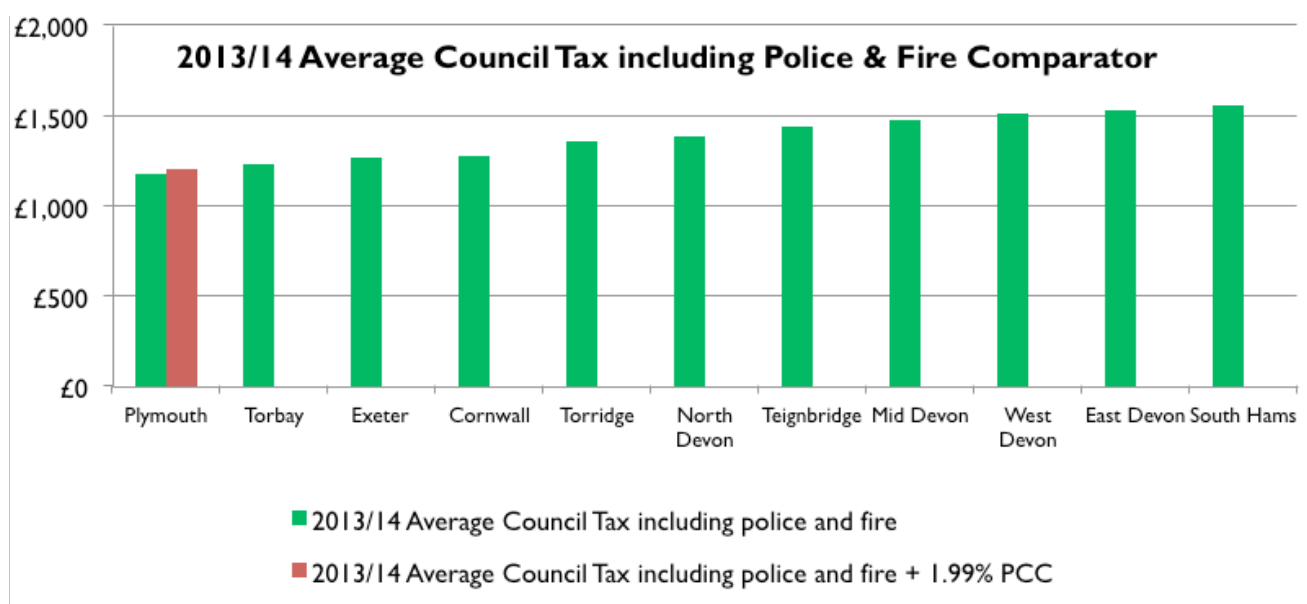
With the Government expected to impose a real term funding cut of around £33m over the next three years, we have looked at how we can generate more income in order to retain and protect essential services to our residents.

We are therefore proposing to take the difficult decision to raise Council Tax next year by 1.99% which would add circa £1.7m into our revenue base budget from 2014/15 onwards.

Despite this increase, we would still retain the lowest average Council Tax levels in the South West.

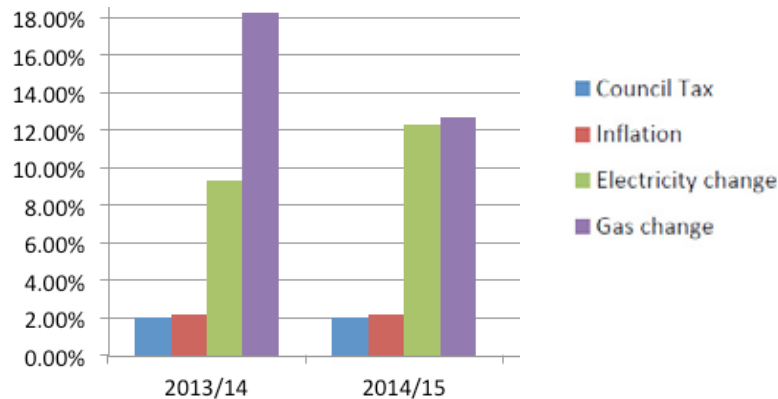
Although it is a difficult decision to increase the Council Tax, the 1.99% compares favourably with other increasing costs, such as family utility bills and the general cost of living.

Plymouth will continue to have the lowest average Council Tax in the region



COUNCIL TAX COMPARED TO INFLATION AND PUBLIC UTILITY RISES

Over the last few years Council Tax rises have been lower than inflation and increases in gas and electricity charges.



Council Tax compares favourably with other increasing costs, such as family utility bills and the general cost of living

We are providing an average of £50 support for each Council Tax Support scheme claimant

We recognise that increasing Council Tax will place added financial pressure on our residents. We are proposing measures that will protect those who are struggling most.

In 2013/14 we introduced a local Council Tax Support (CTS) scheme following the abolition of the previous national framework. Plymouth took the decision to design its scheme on a 'cost neutral' basis – working within the level of fixed term funding provided by Government which was some £2.6m short compared to spend for actual Council Tax benefit claimants.

Our Council Tax Support scheme required the vast majority of working age residents to pay at least 25 per cent towards the cost of their Council Tax. This affected more than 16,000 individuals.

Through maintaining high collection rates and working proactively with individuals to help reduce the demand on benefits, we are now reducing this upper limit to 20 per cent. This will provide, on average, extra support of around £50 for each claimant.

We also recognise that more people are struggling and entering arrears on their Council Tax payments. While we work proactively to help people manage their personal finances, the volume of people being referred to court for Liability Orders has increased. Where possible, we waive court costs and agree specific repayment plans. However, for those that we are not able to agree terms with, a charge of £83 is applied. As part of the 2014/15 scheme and revenue budget we are reducing this charge to £60.

BUSINESS RATES

Our ability to generate income through business rates represents both an opportunity and risk.

Starting in 2013/14 councils are now exposed to the volatility of their local business rate generation. For any extra rates that we are able to generate and collect locally, we keep 49 per cent of any income above our baseline figure.

Our baseline for 2013/14 was £85.9m and through the first seven months of operating the new arrangements, we have managed to retain and improve our business rates income collection.

This is good news but there are risks. One major risk to business rates income is the economic environment and the impact of businesses going into administration.

Another is the potential impact on any business successfully appealing their rateable value and therefore reducing how much they have to pay.

To mitigate this risk, Plymouth continues to administer and contribute to the Devon-wide Business Rate Pool, exploring potential to expand this arrangement beyond the county boundaries.

Similar to Council Tax, a core strand of our 'growth' transformation is to generate more businesses and jobs across Plymouth.

A core strand of our transformation is to generate more businesses and jobs in Plymouth

Retaining adequate reserves is crucial in terms of contingency planning for the scale of the ambitious change agenda that we face

RESERVES AND RISK MANAGEMENT

Reserves fund

We are forecasting we will hold £10.8m as our core working balance as at 31 March 2014, which is 5.3 per cent of our revenue budget of £204.680m. We plan to retain this level throughout 2014/15.

Earmarked reserves

In addition, we hold specific earmarked reserves set aside to cover known or estimated future costs.

At the end of March 2014 we are forecasting balances of £29.4m, reducing to £27.1m by the end of March next year.

This amount does include the Schools Balance which is currently standing at £6.4m.

We have had to pump prime our Transformation Programme during 2013/14, and have carried out a full review of our usable reserves to create a sum of £1.7m to fund it.

We are very clear that we will not be using any of our reserves to further fund the Transformation Programme going forward. The monies used in 2013/14 are one-off and the programme must cover its own costs and deliver substantial savings in the future.

Retaining adequate reserves is crucial in terms of contingency planning for the scale of the ambitious change agenda that we face.

Contingency reserves

As part of our revenue budget, we have historically set up a contingency which is an allocation set aside to cover any unforeseen budget pressures. For 2014/15 this has been set at £1m. As and when exceptional pressures become evident during the year, directors will need to present evidence to gain approval to draw down from this contingency.

Risk management

Our budget report details a number of risks associated with the 2014/15 revenue and capital budget which might result in a future call against our contingency arrangements.

OUR WORKFORCE

The Council directly employs around 3,790 staff (3017 FTE) and a further 2,185 FTE staff within maintained schools. The Council's budget proposals affect only those employed directly as schools have delegated budgets for staffing.

Our total wage bill (excluding on-costs) is around £77 million. Each year the Council's budget includes an assumed turnover of staff and salary budgets are traditionally set at 97 per cent of full year establishment.

After three years of a pay freeze a one per cent pay award was granted to staff (excluding chief officers) in 2013/14. Budget provision had been made for this award. A one per cent increase costs the Council approximately £0.810m (£1m including on-costs). An allowance for future pay awards has been factored into our cost pressures.

We continue to drive the values of a fair and equitable employer and are adopting the principles of the living wage fully by 2014/15.

Revised terms and conditions were agreed in 2011 and continue to achieve significant workforce savings. Further discussions on terms and conditions continue to take place with the trade unions.

The number of full time equivalent (FTE) posts employed by the Council continues to decline as our resources reduce. It is estimated that more than 300 FTE posts will be reduced in the next two years with further posts being considered through alternative service delivery mechanisms such as shared services and social enterprises.

Absence rates across the Council have steadily improved throughout 2013/14. We have surpassed the target set as 8.5 days per employee, achieving an average of 7.76 days in October 2013. We still exceed the average rates compared to other unitary councils and we will continue to monitor this closely.

Our success in attracting and building our base of apprenticeships across the Council has been impressive. We currently host 106 placements which is helping to invigorate the workforce, attract new ideas and create a healthy culture of nurturing and developing local talent.

3,791
staff are directly
employed by the
Council

300
Council posts are
likely to be reduced in
the next two years

£77m
of our total budget is
staffing costs





TREASURY MANAGEMENT

Proactive treasury management is a crucial element in delivering a sustainable revenue budget. The net revenue cost of our Treasury Management programme will be £15.5m in 2014/15. This is after allowing for our ambitious £1m target reduction from our 2013/14 cost.

Treasury Management decision making is based on balancing risk versus reward. To achieve £1m savings for 2014/15 we need to balance short term savings with medium to long term sustainability and stability.

What are we doing?

During 2013/14 we put £10m into longer term investments generating higher returns, £5m in a property fund and £5m in a range of 'Cash Plus' funds.

In 2014/15 we will look to extend this by investing a further £10m in longer term vehicles, initially exploring opportunities for lending to registered housing providers outside Plymouth which could generate returns in excess of three per cent.

We are also exploring an innovative Housing Loan scheme that aims to unlock funding of up to £50m to local housing providers to develop a mixture of social and privately owned homes on specific sites across the city.

A housing loan scheme will aim to unlock funding of up to £50m to local housing providers

£1m
is our ambitious
treasury
management
savings target for
2014/15

Our existing borrowing portfolio is heavily skewed, with a significant proportion of our £175m loans tied up with banks and financial institutions for periods of more than 40 years.

Alongside amending our investment portfolio to generate revenue savings, we will look to restructure our existing debt in 2014/15 and consider re-paying an element of long term market loans at current rates of 4.5 per cent or more with investment balances or cheaper alternative loans.



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