

# APPENDIX I

## DELIVERING THE CO-OPERATIVE VISION WITHIN A FOUR YEAR BUDGET



### CABINET MINUTE 125

Further to the indicative report “Delivering the Co-operative Vision within a four year sustainable balanced budget” which was agreed by Cabinet on 9 December 2014 for consultation, Tracey Lee (Chief Executive) submitted a report on proposals for the 2015/16 budget.

The update report detailed -

- (a) the impact of the December settlement for Plymouth compared with the Council’s resource assumptions;
- (b) how the £1.2m revenue gap for 2015/16 had been closed;
- (c) a breakdown of costs and benefits attributable to the Council’s Transformation Programme in 2015/16;
- (d) a risk register detailing the high level risks associated with the revenue and capital budgets 2015/16 to 2018/19;
- (e) that at the time of writing the report, the precepts had not been agreed for the Devon and Cornwall Police and Crime Commissioner and the Devon and Somerset Fire and Rescue Authority.

Councillor Lowry (Cabinet Member for Finance) introduced the proposals and indicated that –

- (f) the budget would enable the Council to modernise delivery, protect front line services whilst working in a co-operative way;
- (g) the majority of savings would come from the transformation programme;
- (h) a graphic on the budget would be published on the website shortly;
- (i) the proposed Council Tax was just under 2% given the choice between raising the tax or cutting vital services;
- (j) the precept to the Devon and Somerset Fire and Rescue Authority would be determined on 20 February 2015;
- (k) following representations to the government, an additional one off amount of £439,000 had been allocated for adult social care.

David Northey (Head of Corporate Strategy) and Malcolm Coe (Assistant Director for Finance) attended the meeting for this item.

Following an invitation from Councillor Evans (Council Leader), Cabinet Members reported on the improvements that had been delivered in their areas in the last 12 months, and also those that would be delivered in 2015/16, including –

- (l) an additional 40 beds in extra care schemes;
- (m) an increase in Domiciliary Care visits from 15 minutes to 30 minutes;
- (n) a reduction in costs of £23m over the next two years from the transformation programme;
- (o) a £200,000 investment in public toilets;
- (p) 200 affordable homes for local people in housing need;
- (q) investment in five schools: the expansion of three, rebuilding one and opening a new one;
- (r) the continued investment in roads and infrastructure together with a significant investment in footways;
- (s) strategic transport projects which included the A386, Marjon Link Road, Derriford Transport scheme and Outland Road;
- (t) over 20 major events scheduled for 2015, in partnership with the City Centre Company and the Plymouth Waterfront Partnership, including MTV Crashed Plymouth and the British Fireworks Championship;
- (u) the designation of Plymouth as one of four 'Ping' cities in the country to host the national initiative which was designed to get more people playing table tennis.

Cabinet Members expressed their thanks to Councillor Lowry, David Northey and the finance team for their work and support.

Councillor Evans also reported that this was the last Cabinet meeting for Malcolm Coe who would be leaving the authority shortly and on behalf of Cabinet, thanked him for his service and wished him well in the future.

Malcolm Coe responded and acknowledged the progress that had been made by the authority in the last seven years, particularly with regard to decision making and budget reporting.

Before putting the recommendations to the vote, Councillor Evans highlighted two amendments that were necessary to the proposed recommendations in the written report as follows –

- (v) to amend recommendation 5 (capital programme) to read 2014 – 2018;
- (w) to delete recommendation 6 as the capital delegation arrangements had already been approved and implemented.

Alternative options considered and reasons for the decision –

As set out in the report.

Agreed that a final version of the Revenue and Capital Budget for 2015/16 is presented for sign off to Full Council on 23 February 2015 and that the City Council is Recommended -

- (l) to agree the amendments to the December Indicative Budget to close the

- £1.2m 'gap' as set out in the written report;
- (2) to approve an increase of 1.99% in Council Tax for 2015/16;
  - (3) to approve the proposed net revenue budget requirement for 2014/15 of £192.570m;
  - (4) to approve the total capital budget of £237.405m for 2014 to 2018. Any changes to the overall capital funding available to be sanctioned by the Council's Section 151 Officer;
  - (5) that all newly approved capital schemes are incorporated within regular public finance reporting;
  - (6) using the Council Tax base for 2015/16 as 68,460 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; calculate that the **Council Tax requirement** for the Council's own purposes for 2015/16 is £x;
  - (7) using the Council Tax base for 2015/16 as 66,958 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; to calculate that the **Council Tax requirement** for the Council's own purposes for 2015/16 is £x;
  - (8) that the following amounts are calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Act:
    - (a) £x being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (**Gross Expenditure and Transfers to Reserves**);
    - (b) £x being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (**Gross Income and Transfers from Reserves**);
    - (c) £x being the amount by which the aggregate at 8(a) above exceeds the aggregate at 8(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its **Council Tax requirement** for the year. (Item R in the formula in section 31B of the Act);
    - (d) £x being the amount at 8(c) above (Item R), all divided by Item T (8 above), calculated by the Council, in accordance with Section 31B of the Act, as the **basic amount of its Council Tax** for the year;
  - (9) to note that the Devon and Cornwall Police and Crime Commissioner and the Devon and Somerset Fire and Rescue Authority have not at present issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area. Once confirmed these will be included in the tables below;
  - (10) the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, will set the indicative aggregate amounts shown in the tables below as the amounts of Council Tax for 2015/16 for each part of its area and for each of the categories of dwellings -

**Plymouth City Council**

A	B	C	D
£x	£x	£x	£x
E	F	G	H
£x	£x	£x	£x

**Devon and Cornwall Police and Crime Commissioner**

A	B	C	D
£x	£x	£x	£x
E	F	G	H
£x	£x	£x	£x

**Devon and Somerset Fire and Rescue Authority**

A	B	C	D
£x	£x	£x	£x
E	F	G	H
£x	£x	£x	£x

**Aggregate of Council Tax Requirements**

A	B	C	D
£x	£x	£x	£x
E	F	G	H
£x	£x	£x	£x

## PLYMOUTH CITY COUNCIL

**Subject:** Delivering the Co-operative Vision within a 4 year budget

**Committee:** Cabinet

**Date:** 10 February 2015

**Cabinet Member:** Councillor Lowry

**CMT Member:** Tracey Lee (Chief Executive)

**Author:** David Northey, Head of Corporate Strategy

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**Ref:**

**Key Decision:** No

**Part:** I

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### Purpose of the report:

This report builds on the indicative report “Delivering the Co-operative Vision within a 4 year budget” which was signed off by Cabinet on 7 December 2014. There is a legal requirement for Full Council to approve a balanced and robust budget for 2015/16 before the end of March 2015.

Since 2010, revenue funding for local government has been continually reducing and is predicted to continue for the foreseeable future, changing the make-up of the core funding as we go forward. With government placing greater emphasis on councils generating additional revenue locally through attracting more businesses to the city and building more homes, we are predicting that for 2018/19 the total funding of £178.40m will come 89% from our own funding through business rates and council tax, leaving only 11% from central government.

**Table 1: Revenue resource assumptions**

	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m
Formula grant	62.55	44.12	33.29	23.29	19.54
Business Rates	55.23	58.04	58.68	60.79	63.14
Council Tax	86.90	90.41	91.86	93.84	95.72
<b>Total Revenue:</b>	<b>204.68</b>	<b>192.57</b>	<b>183.73</b>	<b>177.92</b>	<b>178.40</b>

*Note: Council Tax level for '15/16 will be finalised at Full Council in February 2015.*

The reduction in formula grant of £18.43m from £62.55m to £44.12m from 2014/15 to 2015/16 represents an unprecedented reduction of just under 30% in one year.

Despite the fall in funding, we remain committed to protecting and investing in essential front line services across the city. We will be investing in early intervention, tackling the city's health inequalities and integrating social care with health with a clear focus on preventative and enabling services wrapped around the combined needs of the client.

In these very difficult financial circumstances we continue to retain and improve our core services. For example during 2014/15:

- Collecting over 120k tonnes of rubbish from 10.6m kerbside collections
- Laying 18km of new tarmac on Plymouth roads
- Attracting 921,450 visitors to Libraries
- Serving up 1,446,000 nutritious school meals
- Attracting 2.3m visits to the Life Centre
- Obtaining 14% more visitors to the city
- Providing 6,000 packages of adult social care
- Safeguarding over 400 vulnerable children across the city who require much needed care and support
- Building 206 new, affordable homes across the city

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).

We have extended the capital programme to provide a council investment of £237.4m over the next 4 years and continue to seek opportunities to lever in significant external investment in the city. Successful bids such as City Deal, the History Centre, alongside maximising contributions from developers, will leave a lasting positive legacy for the city.

In 2013/14 we created a unique investment fund of £20m to specifically focus on supporting and growing the local economy, creating local jobs for local people. Schemes approved or currently under consideration from this fund include:

- Langage Business Park
- History Centre
- City Deal
- Ocean Studios

We will continue to regularly top-slice non ring-fenced grants in order to keep a steady income flow into the investment fund.

Significant progress has been made over the last 12 months in much needed road re-surfacing and we will continue to build on this programme throughout this four year capital budget.

In addition, at the Full Council meeting on 24 November 2014, we announced the launch of our £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 (subject to due diligence). This £50m is not currently included in the total Capital Programme.

Within our revenue budget, despite identifying a circa £21m transformation programme for next year, at the time of publication of the December Indicative Budget, there remained a revenue funding gap of £1.2m for 2015/16.

This update report details:

- the impact of the December settlement for Plymouth compared with our resource assumptions;
  - how we have closed the £1.2m revenue gap for 2015/16;
  - a breakdown of the costs and benefits attributable to the Council's Transformation Programme in 2015/16;
  - a risk register detailing the high level risks associated with the Revenue and Capital budgets 2015/16 to 2018/19.
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### **The Brilliant Co-operative Council Corporate Plan 2013/14 – 2016/17:**

In July 2013, the Council adopted a new Corporate Plan, to be a Brilliant Co-operative Council. The plan contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth. It focuses on Co-operative values which will inform the way that the Council goes about its business.

Setting a robust, reliable four year balanced budget is crucial for the council to deliver against its co-operative vision. With falling resources and increasing demand and costs on our services, it is imperative that a more strategic, and prioritised, approach is taken to medium term budget setting.

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### **Implications for Medium Term Financial Plan and Resource Implications:**

#### **Local Government Finance Settlement**

In broad terms, the revenue resource forecasts detailed in the December 2014 budget papers have not changed significantly for 2015/16 compared to forecast although the mix of the individual component elements of the overall resources have changed.

The government will introduce its new 'pooled' funding arrangements with health known as the Local Authority Better Care Fund. This fund has a combined indicative allocation of £17.75m, (which includes health funding), for Plymouth in 2015/16. Exact details of the fund, which also includes an element of capital, are still being worked through to understand what new responsibilities are attributable to the money and how this will impact on our existing revenue spend commitments.

Overall, Government has stated a **reduction** in 'spending power' of 3.3% for Plymouth in 2015/16. However, central government funding from the Revenue Support Grant has actually decreased by £18.4m compared to 2014/15 – a drop of 30%. Using the Government's "spending power" measure Devon County Council has a corresponding **increased** allocation of +0.5%.

#### **Council tax freeze Grant / Compensation**

- The Government are offering a Council Tax Freeze Grant for 2015/16 equivalent to a 1% increase on the 2014/15 base.
- Council Tax threshold principles have been confirmed: referendum will be required for council tax increases 2% or more for 2015/16.

## Revenue Spending Power

- The Government uses the Spending Power comparator which reduces the headline funding reductions. For PCC their headline was a reduction of 3.3% vs our model on core funding resources of 8.3%. Spending Power includes:
  - Council Tax requirement (not part of the Settlement but locally controlled)
  - New Homes Bonus
  - A random selection of other specific grant funding e.g. Housing Benefit Administration Grant
  - Plus indicative Public Health funding

## National Non Domestic rates (NNDR)

- Retained NNDR growth capped again at 2% instead of RPI; the shortfall to be fully compensated through S31 grants, as well as the Autumn Statement 2013 and 2014 measures.

## Transformation

The Council has to fundamentally transform the way in which it operates and delivers services in order to address the financial challenges that we face. Our transformation programme will ultimately drive out in excess of £23m net benefit over the next 2 years, with further savings in future years. We are now one year into our three year plans, presented to Cabinet and Full Council in February 2014, which detailed the financial challenges that the council faces and provides direction as to how the council will address these challenges in a structured and consistent way.

Further work has been undertaken to articulate the exact work strands and investments required to drive out the transformation benefits that under-pin the revenue budget. A summary of the costs and benefits associated with each of the respective transformation programmes in 2015/16 is detailed in **Appendix C**.

A significant element of financial benefits from transformation relates to our ability to generate increased income from council tax and business rates through growing the city. For accountancy purposes, this income generation has to be shown in the revenue budgets as 'resources' as opposed to financial savings.

## Balancing the 2015/16 Revenue Budget

The December 2014 draft budget report detailed an unfunded revenue gap of £1.2m for 2015/16.

Using the detailed guidance on business rates for 2015/16 issued by Government we have reviewed the overall achievement and growth forecasts on business rates and factored in the benefit delivered through the Devon-wide pooling arrangements. Overall, in our December Indicative Budget we were estimating a surplus of £750k next year; further analysis shows there is an additional £150k available to allocate to the base revenue budget. When setting the 2014/15 budget we set aside £250k to a specific business rates reserve to manage fluctuation and risks around business rates pooling and appeals moving forward. Our modelling suggests this will not be required in 2015/16 and can also be allocated to our resources.

Last year we set ourselves a target to save £1m from our Treasury Management (TM) budget, mainly as a result of negotiating exit strategies from our long-term LOBO (lender Option, Borrower Option) debt. Our strategy TM policies have achieved this and are currently forecasting more savings through our 2014/15 monitoring of loan interest payments and investment income. We are therefore setting a target saving of £500k for 2015/16.



We are confident we will have moved all of our staff out of the Civic during the first half of 2015/16. Exiting the building should give a net annual saving in running costs in excess of £600k; for this budget year we are proposing a six month minimum savings target of £300k.

During 2014/15 we have undertaken a full Strategic Asset Review, assessing the requirement and best use of the council's land and buildings, including income streams and future potential. Following this review, we have set a target income/saving for 2015/16 of £300k.

Setting the 2014/15 we assumed year-on-year savings of £500k from our review of Terms and Conditions for all of our employees. Although mainly achieved in the current year, analysis suggests the savings are not sustainable at this level each year. We are therefore proposing to reduce this savings target to £200k from 2015/16.

A general contingency of £1m was included in the base budget for 2014/15. We will need to retain this contingency of £1m for 2015/16 to again address any unforeseen budget issues throughout the year alongside a challenging agenda of delivering circa £22m of revenue savings, plus the risks associated with the new PCC and Clinical Commissioning Group (CCG) pooled resources.

With these proposed adjustments, we are able to present a balanced budget for financial year 2015/16, as set out below:

	£m
December Indicative Budget Gap:	1.200
Add Terms & Conditions adjustment	0.300
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Revised gap	1.500
Less additional savings:	
Treasury Management	0.500
Business rates / Pool	0.400
Civic Centre	0.300
Strategic Asset Review	0.300
Total additional savings	(1.500)
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Revised Balanced position	0.000

The 2015/16 revenue resources, as stated in the published budget papers, were £190.870m. Some of these transactions detailed above plus savings previously included as savings within the net revenue costs have to be treated as income; together this results in the following changes to resources:

- £0.650m additional business rates from growth (transformation);
- £0.650m additional council tax from building more houses (transformation);
- £0.400m re-calculation of business rates incorporating pooling arrangements

Therefore, the final target revenue budget for 2015/16 is £192.570m with the allocation of the £192.570m spend shown in **Appendix A** split down by directorate. This budget requires, as

detailed in the published papers, a council tax increase of one point nine nine (1.99) per cent in 2014/15 to be agreed by Full Council in February.

A link to the December Indicative Budget is included in this report.

### **Medium Term Financial Strategy**

It is our statutory duty to set a balanced budget for the financial year 2015/16 before the commencement of the period. However, a one year financial plan does not suffice to ensure we have financial plans in place to support the longer term decision making required to support the delivery of our transformation programme and long term ambitions for the City.

The 2015/16 budget report is therefore supported by our Medium Term Financial Strategy (MTFS) which covers the financial years 2015/16 to 2018/19. The MTFS models the forecasted resources for the three years following the budget year and compares with the forecasted costs of providing the frontline services and associated support costs. The report sets out the sources of income (our resources) from the central government Revenue Support Grant (RSG), business rates (non-domestic rates NDR) and the Council Tax. The allocation of these resources includes all known and forecast changes to costs and income, plus savings from our transformation programme and other management initiatives required to align resources and costs.

### **Capital Programme 2014 to 2018**

We have amended our approach to capital forecasting and prioritisation to better align to our brilliant co-operative council principles and objectives. Although grant funding opportunities are uncertain, we have taken a pragmatic approach in forecasting all future capital income streams, including capital receipts and developer contributions, to ascertain an overall funding envelope over the rolling current plus four year period. This is the first time we have introduced the current year plus four to give a true four year programme; previously our four year programme has been the current year plus a further three. This change, being introduced in a period of financial uncertainty from central government, is further evidence of our confidence in our ability to forecast our future resources and plan for the longer term.

Using this approach, we are recommending a capital programme of £237.405m spend with existing spend commitments, as approved through Full Council, of £128.999m. There are a number of major projects that are currently being worked up and being considered that will add to the spend commitment.

Details of the capital programme that we are approving through this budget are shown in **Appendix B**.

In addition to this, as approved at the Full Council meeting in February 2014, we have launched a Housing Loan Scheme of up to £50m for Plymouth Housing Providers, in partnership with the council, to escalate much needed house building across the City. Individual draw down against this scheme will be subject to due diligence and outcomes delivered in terms of number and types of dwellings to be built.

Moving forward, we need to be much more commercial and proactive in seeking opportunities for further investment in the City, building on the success of City Deal and our successful bids to the Local Enterprise Plan (LEP). We are therefore recommending that we amend the programme duration to current plus four financial years, whilst ensuring our capital investment is measured against the overall affordability headroom.

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## **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

All actions being taken have been considered for their 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 put in place.

Due to the nature of financial savings required, it is inevitable that there are some over-arching risks associated with delivering a three year balanced budget. These high level risks are detailed in **Appendix D**.

The Local Government funding environment remains highly volatile. As such, updates to Medium Term Financial Forecasts will be incorporated within quarterly monitoring throughout 2014/15 in order to factor in changes to estimates and spend commitments

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## **Equality and Diversity**

We have given due regard to our Public Sector Equality Duty for all relevant management actions and budget solutions that underpin this budget, our summary of this consideration is appended as a background paper. Wherever potential adverse impact is identified we will conduct a full Equality Impact Assessment.

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## **Recommendations and Reasons for recommended action:**

It is recommended:

1. that a final version of the Revenue and Capital Budget for 2015/16 is presented for sign off to Full Council on 23 February 2015.

Recommend to Full Council:

2. the amendments to the December Indicative Budget to close the £1.2m "gap" as set out in Figure I of this report;
3. to approve an increase of one point nine nine per cent (1.99%) in Council Tax for 2015/16;
4. to approve the proposed net revenue budget requirement for 2014/15 of £192.570m;
5. to approve the total capital budget of £237.405m for 2013 to 2018. Any changes to the overall capital funding available to be sanctioned by the Council's Section 151 Officer;
6. that delegated authority is given to the Leader, in consultation with the Cabinet Member for Finance and relevant portfolio holder, to commit to capital schemes within the overall affordability envelope, based on sound business cases;
7. that all newly approved capital schemes are incorporated within regular public finance reporting;

8. using the Council tax base for 2015/16 as 68,460 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”)]; calculate that the **Council tax requirement** for the Council’s own purposes for 2015/16 is £x;
  
9. that the following amounts are calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Act:
  - a) £x being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (**Gross Expenditure and Transfers to Reserves**);
  - b) £x being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (**Gross Income and Transfers from Reserves**);
  - c) £x being the amount by which the aggregate at 9(a) above exceeds the aggregate at 9(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its **Council tax requirement** for the year. (Item R in the formula in section 31B of the Act);
  - d) £x being the amount at 9(c) above (Item R), all divided by Item T (7 above), calculated by the Council, in accordance with Section 31B of the Act, as the **basic amount of its Council tax** for the year;
  
10. to note that the Police Authority and the Fire and Rescue Authority have not at present issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council’s area. Once confirmed these will be included in the tables below;
  
11. the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, will set the indicative aggregate amounts shown in the tables below as the amounts of Council Tax for 2015/16 for each part of its area and for each of the categories of dwellings -

Plymouth City Council

A	B	C	D	E	F	G	H
£x	£x	£x	£x	£x	£x	£x	£x

Devon and Cornwall Police and Crime Commissioner

A	B	C	D	E	F	G	H
£x	£x	£x	£x	£x	£x	£x	£x

Devon and Somerset Fire Authority

A	B	C	D	E	F	G	H
£x	£x	£x	£x	£x	£x	£x	£x

Aggregate of Council Tax Requirements

A	B	C	D	E	F	G	H
£x	£x	£x	£x	£x	£x	£x	£x

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**Alternative options considered and rejected:**

A one year financial planning horizon will not support the long term decision making required to deliver the objectives of the Corporate Plan. The Council's financial stability will be put at risk unless a transformative approach is taken to revising its delivery arrangements in the coming years.

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**Published work / information:**

Delivering the Co-operative Vision within a 4 year sustainable balanced [budget](#) – December 2014

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7
Equality Impact Assessment	X								

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**Sign off:**

Fin	mc14 15.39	Leg	lt22 217	Mon Off	mo 22 21 7	HR		Assets		IT		Strat Proc	
Originating SMT Member: Malcolm Coe													
Have the Cabinet Members agreed the contents of the report? Yes													

## Net Revenue Budgets 2015/16 – 2018/19

## Appendix A

2015/16 Revenue Budget	Corporate Items	Executive Office	People Directorate	Place Directorate	Public Health	Transformation & Change	Total General Fund
	£000	£000	£000	£000	£000	£000	£000
2014/15 Base Budget	15,291	3,840	121,845	33,472	194	30,038	204,680
Cost & Volume	1,000	0	8,439	0	0	0	9,439
Savings	(2,281)	0	(9,323)	(6,589)	0	(3,356)	(21,549)
Indicative 2015/16	14,010	3,840	120,961	26,883	194	26,682	192,570

2016/17 Indicative Budget	Corporate Items	Executive Office	People Directorate	Place Directorate	Public Health	Transformation & Change	Total General Fund
	£000	£000	£000	£000	£000	£000	£000
2015/16 Base Budget	14,010	3,840	120,961	26,883	194	26,682	192,570
Cost & Volume	1,844	0	3,258	500	0	0	5,602
Savings	0	0	(6,876)	(3,530)	0	(2,953)	(13,359)
Indicative 2016/17	15,854	3,840	117,343	23,853	194	23,729	184,813

2017/18 Indicative Budget	Corporate Items	Executive Office	People Directorate	Place Directorate	Public Health	Transformation & Change	Total General Fund
	£000	£000	£000	£000	£000	£000	£000
2016/17 Base Budget	15,854	3,840	117,343	23,853	194	23,729	184,813
Cost & Volume	1,500	0	750	500	0	0	2,750
Savings	0	0	(2,625)	(2,550)	0	(1,300)	(6,475)
Indicative 2017/18	17,354	3,840	115,468	21,803	194	22,429	181,088

2018/19 Indicative Budget	Corporate Items	Executive Office	People Directorate	Place Directorate	Public Health	Transformation & Change	Total General Fund
	£000	£000	£000	£000	£000	£000	£000
2017/18 Base Budget	17,354	3,840	115,468	21,803	194	22,429	181,088
Cost & Volume	1,800	0	1,000	0	0	0	2,800
Savings	0	0	(2,625)	(2,550)	0	(1,300)	(6,475)
Indicative 2018/19	19,154	3,840	113,843	19,253	194	21,129	177,413

## Appendix B

### Capital Programme 2014 – 2018

Scheme	2014-15 Forecast	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast	TOTAL PROGRAMME 2014-18
	£m	£m	£m	£m	£m
<b>CARING</b>					
Children's Social Care	0.038	0.000	0.000	0.000	0.038
Joint Commissioning & Adult Social Care	1.058	1.075	0.000	0.000	2.133
Drug and Alcohol Rehabilitation - Public Health England Grants	0.186	0.000	0.000	0.000	0.186
Homes & Communities	0.971	0.000	0.000	0.000	0.971
Basic Need - Nursery Places	0.651	0.381	0.000	0.000	1.032
SEN Placement Commitments in Schools	0.076	0.005	0.000	0.000	0.081
<b>TOTAL</b>	<b>2.980</b>	<b>1.461</b>	<b>0.000</b>	<b>0.000</b>	<b>4.441</b>
<b>CONFIDENT</b>					
Leisure & Parks Provision	0.077	0.000	0.000	0.000	0.077
Homes & Communities	0.074	0.000	0.000	0.000	0.074
Environmental Services	0.312	0.000	0.000	0.000	0.312
Capitalised Maintenance Schemes	6.480	1.700	1.700	2.000	11.880
Other Transport Schemes (Outside of Capitalised Maintenance)	6.306	4.866	0.369	0.000	11.541
Flood Defence Works	0.492	0.000	0.000	0.000	0.492
Flood Defence Storm Damage Works	1.225	0.000	0.000	0.000	1.225
Landing Stages	0.200	0.080	0.000	0.000	0.280
Saltram Countryside Park Capital Programme	0.387	0.042	0.000	0.000	0.429
Visual Mitigation Works & Biodiversity Improvements	0.060	0.270	0.000	0.000	0.330
Other Planning Projects	0.395	0.401	0.356	0.000	1.152
<b>TOTAL</b>	<b>16.008</b>	<b>7.359</b>	<b>2.425</b>	<b>2.000</b>	<b>27.792</b>
<b>GROWING</b>					
Gypsy & Traveller Sites	1.281	0.790	0.000	0.000	2.071
Basic Need - Schools	4.930	9.289	0.000	0.000	14.219
Academies	0.817	0.000	0.000	0.000	0.817
Development Works - Schools	0.051	0.000	0.000	0.000	0.051
Condition Works - various schools and childrens centres	2.903	3.603	0.000	0.000	6.506
Formula Devolved Capital - Various Schools	0.770	1.051	0.514	0.518	2.853
Universal Infant Free School Meals	0.608	0.000	0.000	0.000	0.608
Transport - S106	0.139	1.426	0.000	0.000	1.565
Housing & Planning Services	0.280	0.000	0.000	0.000	0.280
South Yard Marine Industries Production Campus (Remediation/separation works) - non Investment Fund	0.080	1.582	8.380	3.958	14.000
Oreston Primary Academy - S106 Funding	0.002	0.000	0.000	0.000	0.002
<b>TOTAL</b>	<b>11.861</b>	<b>17.741</b>	<b>8.894</b>	<b>4.476</b>	<b>42.972</b>
<b>INVESTMENT FUND</b>					
	<b>7.476</b>	<b>5.607</b>	<b>1.736</b>	<b>4.082</b>	<b>18.901</b>
<b>PIONEERING</b>					
North Prospect Library	0.031	0.000	0.000	0.000	0.031
ICT Investment	0.803	4.258	0.000	0.000	5.061
Corporate Property	1.399	0.000	0.000	0.000	1.399
Accommodation Strategy	0.542	0.000	0.000	0.000	0.542
Accommodation Transformation	5.300	0.314	0.000	0.000	5.614
Sustainable Energy	0.438	0.290	0.000	0.000	0.728
Mercury abatement equipment in Crematoria	0.000	1.093	0.000	0.000	1.093
Electric Car Charge Points	0.159	0.000	0.000	0.000	0.159
Green Deal & Home Energy	0.664	2.525	0.000	0.000	3.189
Street lighting bulb replacement	3.921	4.069	0.000	0.000	7.990
Environmental Services	1.315	1.018	0.000	0.000	2.333
Retained Waste	2.972	1.600	0.000	0.000	4.572
Economic Development Capital Block	0.280	1.382	0.000	0.000	1.662
Coastal Communities	0.340	0.000	0.000	0.000	0.340
Mount Edgcumbe	0.180	0.000	0.000	0.000	0.180
<b>TOTAL</b>	<b>18.344</b>	<b>16.549</b>	<b>0.000</b>	<b>0.000</b>	<b>34.893</b>
<b>TOTAL CAPITAL PROGRAMME</b>					
	<b>56.669</b>	<b>48.717</b>	<b>13.055</b>	<b>10.558</b>	<b>128.999</b>
<b>Forecast future income streams Ringfenced</b>	14.910	18.972	32.387	12.906	79.175
<b>Forecast future income streams Unringfenced</b>	8.948	-0.601	13.049	7.835	29.231
<b>GRAND TOTAL</b>	<b>80.527</b>	<b>67.088</b>	<b>58.491</b>	<b>31.299</b>	<b>237.405</b>

## Headline Transformation Costs & Benefits 2015/16

<b>Transformation Costs &amp; Benefits 2015/16</b>	<b>£m</b>
<b>Income</b>	
Growth, Assets and Municipal Enterprise	2.745
<b>Savings</b>	
Integrated Health and Well Being	5.346
Customer and Service Transformation	1.246
Co-operative Centre of Operations	1.500
Growth, Assets and Municipal Enterprise	2.774
<b>Subtotal Transformation benefits</b>	<b>13.611</b>
<b>Investment Cost</b>	
Human Investment Costs	(3.087)
Other (including £800k P&OD training costs)	(1.513)
<b>Subtotal Transformation Investment Costs</b>	<b>(4.600)</b>
<b>Total Net benefit</b>	<b>9.011</b>
<b>Transformation Costs by Programme 2015/16</b>	<b>£m</b>
<b>Human Investment Costs</b>	
P&OD	0.343
Customer and Service Transformation	0.101
Growth, Assets and Municipal Enterprise	0.605
Integrated Health and Well Being	0.426
Co-operative Centre of Operations	0.521
Central Investment costs	1.091
<b>Sub-Total Human investment Costs</b>	<b>3.087</b>
Other Costs	1.513
<b>Total Transformation Costs</b>	<b>4.600</b>



## Key work strands delivering 2014/15 Transformation benefits

## Growth, Assets and Municipal Growth (GAME) programme

Income	2015/16
	£m
Growth Dividend – New Homes Bonus	0.650
Growth Dividend – Council Tax	0.650
Growth Dividend – NNDR (Business Rates)	0.650
Enhanced commercialisation	0.795
<b>Total Income</b>	<b>2.745</b>
Savings	2015/16
	£m
Creating a Brilliant Cooperative Street Services	1.169
Fleet Services Consolidation	0.835
Integrated Transport	0.770
<b>Total Savings</b>	<b>2.774</b>
<b>Total GAME Programme</b>	<b>5.519</b>

Customer Service Transformation (CST) and  
Co-operative centre of Operations (CCO) programmes

Savings	2015/16
	£m
Modernise Customer Services	0.876
Customer Services Management review	0.270
Public Protection service review	0.100
CCO corporate services review	1.500
<b>Total</b>	<b>2.746</b>

## Integrated Health and Wellbeing (IHWB) programme

Project	2015/16
	£m
Integrated Commissioning and Service Delivery redesigns in Adult Social Care	2.996
Co-operative Children & Young People's Services	1.500
Education Learning and Family Support (ELAFS)	0.600
People Directorate Review	0.250
<b>Total</b>	<b>5.346</b>

# Budget Risk Register

# APPENDIX D

ROW No.	CATEGORY & VALUE	POTENTIAL RISKS IDENTIFIED	RISK RATING @ Oct '14			COMMENTS / MITIGATION	REVISED RISK RATING @ January '15		
			P	I			P	I	
<b>2015/16 High Level Budget Risks</b>									
1	Health Integration - Adults (£2.9m)	Cost & volume work yet to be completed on CCG funding transferring into the £400m+ pooled budget. Need clarity on achievable benefits. £2.9m benefits planned within PCC transformation for 15/16	5	5	25	CCG commissioners to work through the impact of planned intervention work on future client base. Risk remains until this has been completed. PCC to support this process.	4	4	16
2	Health Integration - Children (£1.5m)	Cost & volume work required to understand the impact of early intervention on the number of children that the council will need to 'look after' in future years. £1.5m benefit planned for 15/16	5	5	25	Cost & Volume modelling now completed but risk remains around implementation plans for early implementation	4	4	16
3	Council Tax Resources - (£1.6m)	Council Tax increase for 2015/16 @ 1.99% - risk of possible referendum capping increase to 1.5%.	4	5	20	As part of Settlement announcement, DCLG has confirmed that the referendum trigger for increases in Council tax will remain at >2%. PCC are modelling a 1.99% increase but increase subject to agreement at Full Council in February	3	3	9
4	Resources - (£xm)	Change in Government Funding Framework relating to 2015/16 funding allocation. December 13 settlement gave indicative 2015/16 funding allocations, final settlement expected 23rd December	4	5	20	The December 2014 Settlement has now been analysed and the figures are in line with our modelling and budget assumptions.	1	1	1
5	Adult Social Care - Care Act (£xm)	Care Act implementation starts in April 2015. There is still uncertainty of the overall costs that the council will incur (as guidance is still developing). Assumption of net nil impact on 15/16 budget.	5	4	20	Figures confirmed in 2015/16 Better Care Fund of circa £0.9M, at this stage unclear as to whether this is sufficient, potential bigger issue in future years.	3	4	12
6	Growth Resources (£m)	Risk of not delivering our Growth targets due to unforeseen issues such as rate re-valuation, change in government legislation and failing businesses.	4	5	20	Effective review and challenge of projected growth figures - factoring in planned housing and business development.	3	5	15
7	2014/15 base budget	Failure to deliver a balanced budget in 14/15 and impact of any legacy shortfalls in 2015/16	4	4	16	Monthly review and challenge through CMT and Cabinet Planning. Underlying pressures in Children & Adult Social Care to be addressed through ZBB approach in 2015/16.	3	4	12
8	Co-operative Centre of Operations (£1.5m)	Plans to deliver £1.5m CCO savings in 2015/16 (including income generation potential) require further work to develop clear milestones and actions.	4	5	20	Rescoping of CCO programme commenced October 2014. Clear plans will be in place by 31 Jan '15. PCH expressed interest in sharing a number of back office functions.	3	4	12

## Medium Term Financial Forecast Risks 2015/16 to 2018/19

## APPENDIX C

ROW No.	CATEGORY & VALUE	POTENTIAL RISKS IDENTIFIED	RISK RATING @ Oct '14			COMMENTS / MITIGATION	REVISED RISK RATING @ January '15		
			P	I			P	I	
<b>Medium Term Financial Forecast Risks 2015/16 to 2018/19</b>									
9	Growth Resources (£m)	New Homes Bonus - Continuing ability of the Council to deliver growth and the longevity of the New Homes Bonus scheme (e.g. risk that NHB is dis-continued over medium term by Government)	4	5	20	Current projections of growth is sustainable, however rolling 6 year NHB funding will start to drop off in 2017/18 and risk that this will not be replaced. Maintain robust forecasting to ensure growth covers falling funding as well as increases.	4	5	20
10	NNDR Re-Valuation (Resources)	National NNDR revaluations due 2017, potentially reducing NNDR income, in addition to causing volatile environment with potential for increase in valuation appeals, bad debt provision requirement	4	5	20	Continue to work and build relationship with Valuation Office to ensure early insight into potential changes and impact.	4	5	20
11	Government Funding - Resources	Change in Government Funding Framework. Potential change in Government in 2015/16 - faced with high levels of national debt and potentially looking to reduce funding to the public sector further.	5	5	25	Continue to work with LG Futures to model future year allocations and using insight and intelligence to forecast potential changes early.	5	5	25
12	Health Integration - sustainability	Ability for the integrated health pooling arrangements to deliver the medium to long term benefits required to address the pressures within CCG and social care budgets.	5	5	25	Constant revision of cost & volume modelling. Effective monitoring and reporting on the impact of interventions as and when they are delivered.	4	5	20
13	Adult Social Care - Care Act	Using nationally recognised 'Surrey' and 'Lincolnshire' models indicates a significant net funding shortfall on Care Act implementation from 2016/17 onwards (potential £5m per annum)	5	5	25	Care Act implementation and Funding still out for consultation (as at Nov '14). LGA have raised the shortfall of funding with Govt. Initial allocation awarded in 15/16 BCF	4	5	20
14	Corporate Impact of alternative service delivery models	Biggest financial impact is Pensions. Re-valuation due in 2017/18, potential for increase in employers pension contributions. Need to include impact on pension fund of reducing employee base contributing into pension fund.	4	5	20	Need to model employee base for future years, and ensure effective projections on pension liability. Capture 'lessons learnt' from DELT implementation and apply to further option appraisals.	3	5	15

P = Probability Rating I = Impact Rating

(I = Low, 5 = Maximum Score 5 x 5 = 25)