

PLYMOUTH CITY COUNCIL

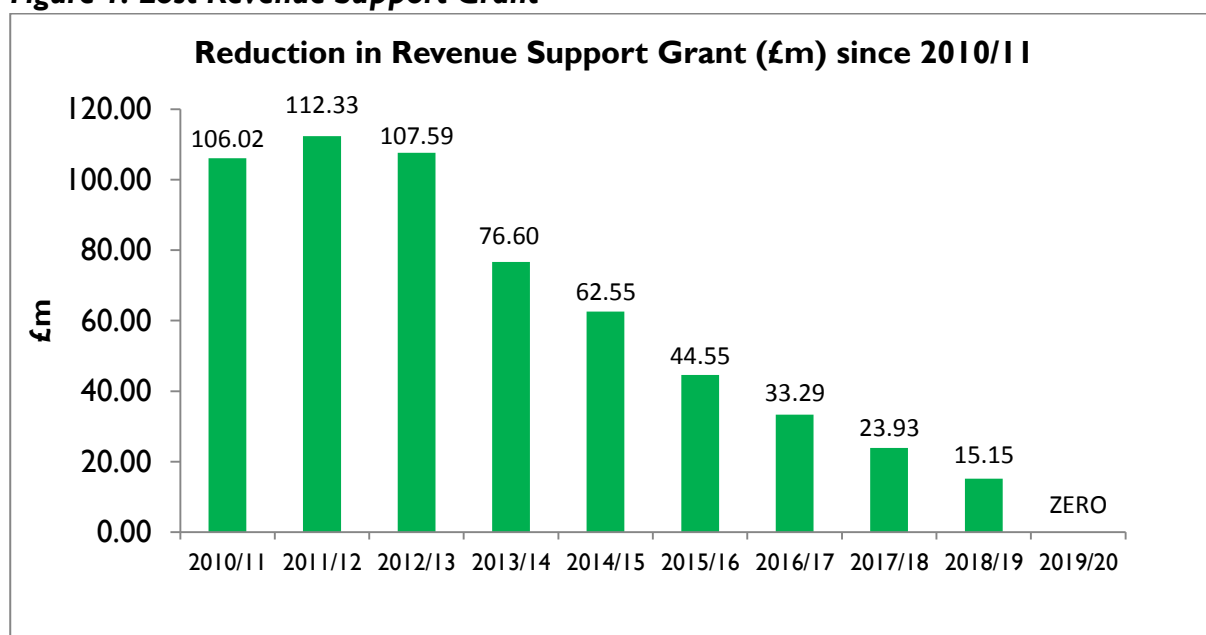
Subject:	Indicative 2016/17 Revenue Budget plus 2 Year Indicative Financial Forecast and 2016/17 to 2019/20 Capital Programme
Committee:	Cabinet
Date:	8 December 2015
Cabinet Member:	Councillor Lowry
CMT Member:	Lesa Annear (Strategic Director for Transformation & Change)
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Ref:	
Key Decision:	No
Part:	I

Purpose of the report:

The Government is imposing the biggest cuts to funding for local services in Plymouth in a generation, with public spending being cut to its lowest level since the 1970s. The continuing severity of cuts to Plymouth City Council's core funding does nothing to ease concern about the impact on our ability to provide essential front line services.

Figure 1 sets out the reduction in revenue support grant since 2010/11.

Figure 1: Lost Revenue Support Grant



This reduction represents money which has not been available to us to spend in our city and has had a huge impact on the local economy. These missing millions are before we factor in rising costs and the transfer of additional responsibilities from central government departments.

When comparing our forecasted resources available 2016/17 with our projected costs, this results in **a funding gap of £23.2m**, rising to £43.8m by the end of the three year period (as detailed in **Table 1**).

Table 1: Budget gap prior to savings

	2016/17 £m	2017/18 £m	2018/19 £m
REVENUE RESOURCES AVAILABLE	184.752	179.090	173.650
Overall spend requirement	207.993	189.929	183.397
Gap before intervention:	(23.241)	(10.839)	(9.747)
Cumulative Gap	(23.241)	(34.080)	(43.827)

We have been proactive in addressing these cuts with a radical transformation programme that is bringing a new approach to how we deliver services.

This continuing reduction in our core funding raises issues around the longer term sustainability and impact on the Plymouth economy. We cannot under estimate the difficulty of the task of finding £23.2m of savings in a single year and £43.8m by 2018/19. The problems we face as a Local Authority trying to maintain our essential support for the most vulnerable citizens of Plymouth, whilst facing year-on-year funding cuts, can be categorised into three main areas. These are lack of clarity, the scale of the funding cuts and additional costs as a direct result of government policy changes.

I. Lack of Clarity

There is a lack of clarity around our funding envelope from Central Government, not just in the medium term but also for 2016/17 itself. We are setting this indicative budget despite not having been informed of our:

- “Local Settlement”; our allocation of Revenue Support Grant (RSG)
- Central allocation of Business Rates.

Despite the Chancellor’s Autumn Statement 25 November, we have to wait until at least 18 December to be advised of our resultant funding.

In addition, various announcements by the Chancellor have set out policy decisions but no detail or clarity of the impact on our funding has been shared.

- In October 2015, the Chancellor announced that Local Authorities will be able to retain 100% of business rates by 2020 and the core grant will be phased out. It is currently unknown what the timescales, additional responsibilities and level of cuts to other Central Government grants will be as a result of this change.

- In 2010, the Government introduced a “Council Tax Freeze Grant” as an incentive for Councils who do not raise Council tax charges to be compensated. The level of this grant funding was equivalent to a 1% Council Tax increase.
- For 2015/16, the Government did not announce the Freeze Grant until late in January 2015. For the financial year 2016/17, they are yet to give any indication about the offer of the grant.
- For the purposes of this report, we are modelling both a tax freeze and the receipt of a Council Tax Freeze Grant equivalent to 1% being £0.911m. There is a risk that if the grant is not forthcoming, we will have an additional budget gap to this value.

In his Autumn Statement, the chancellor has now advised that we can set a 2% Council Tax levy, giving us additional income of £1.8m in 2016/17 provided the additional income is ring fenced to our social care provision. In other words, the proposal is for us to passport this cost to the tax payers in Plymouth. For the average band D property, this will mean charging an additional 51p per week.

This report sets out in detail our net revenue budget. However, we also rely on a number of specific grants to run our core functions. For example:

- The Better Care Fund (BCF) is our local single pooled grant from the Government to help us and the local Clinical Commissioning Group (CCG) to work more closely together. For 2015/16 this is £19m; we are yet to have confirmation of the amount we will be allocated for 2016/17.
- The “New Homes Bonus” (NHB) is a Government scheme which is aimed at encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue.
- The scheme currently pays the NHB for a period of six years; the Chancellor has announced consultation to restrict this period to four years only. This change would have a major impact on our future funding and budget as we use this funding to deliver public services. For 2016/17, we are forecasting a receipt of £5.5m.

2. Scale of Funding Cuts

There is also the scale of the funding cuts to our core funding.

- From the current 2015/16 RSG base of £44.55m, we are projecting a reduction to only £15.15m by 2018/19 (a reduction of £29.4m being 66%) phasing out to zero by 2019/20.
- In 2015/16, national savings of £200m from Public Health Grant (PHG) were announced by the Chancellor to fund Public Health. The impact on the grant for Plymouth City Council was a reduction of £0.919m (6.2%) from £14.9m to £13.9m. Further PHG savings have been announced for 2016/17 and Public Health England has stated that this will result in a reduction to the PHG baseline of 2.2%, or a further year-on-year reduction of £0.035m.

3. Additional Costs

In addition to the lack of clarity and the scale of the funding cuts, we also have to contend with the additional costs facing the Council in the coming years. On top of the already increasing demand for areas such as social care, due to demographic changes and price inflation, we also have additional costs as a direct result of Government policy changes. The Government has:

- Announced changes to the rate of national insurance on both employees and their employers for those eligible to a defined benefit pension. Plymouth City Council runs such a scheme and will therefore incur this additional cost burden, calculated to increase our annual salary costs by £1.5m per year starting April 2016.
- Introduced a National Living Wage for all working people aged 25 and above.
- In the 2015 Budget, it was announced that the new compulsory National Living Wage of £7.20 per hour will be introduced in April 2016; we have calculated the impact on Plymouth City Council's commissioning contracts to be £2.217m in 2016/17 rising by the same amount in the following two years, representing additional costs of £6.651m in 2018/19.

The uncertainty around our funding for 2016/17 prevents us from making a decision around our Council Tax charge for 2016/17 and future years at this point in time. Although this report models a zero increase and no "Social Care Levy", it also assumes a 1% freeze grant of £0.911m; these decisions have not been taken. A decision on the Council Tax and the Levy will be made once we have more clarity on our funding position.

This report details these issues and sets out an indicative budget for 2016/17.

The Brilliant Co-operative Council Corporate Plan 2013/14 – 2016/17:

The Council's Corporate Plan contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth and this indicative budget sets out the allocation of our ever decreasing resources to these objectives.

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

This report sets out a budget gap of £3.442m. This is based upon an assumption of no Council Tax increase or social care levy in 2016/17 plus the receipt of £0.911m Council Tax Freeze Grant. We have not made a decision on our council tax charge and there is no guarantee of the specific grant being available. These assumptions have a major impact on our funding and therefore our budget gap.

Revenue

There is a legal requirement to produce a robust annual revenue budget, adopted by Full Council, enabling Council Tax charge rates to be set for the year.

Revenue funding for local government continues to be cut and is predicted to continue to see cuts 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, for example, through attracting more businesses to the city and building more homes, we are predicting that, for 2016/17, the total funding of £184.75m will come 50% from local Council Tax.

We are aware of new initiatives to move from the current retention of 49% of our local Business Rates to 100% by the end of the life of the current Government but these plans are currently out for consultation and the financial implications will be modelled in our Medium Term Financial Strategy.

For this indicative budget, we have assumed no increase in the Council Tax for 2016/17 with the increase from £90.41m to £91.76m reflecting the growth in our Council Tax Base as a result of our growth programme. We continue to work closely with independent organisations such as Local Government Futures and the Local Government Association, and our best estimate of revenue resources over the next three years are as follows:

Table 2: Revenue resource assumptions

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Forecast			
	£m	£m	£m	£m	£m
Revenue Support Grant (RSG)	44.55	33.29	23.93	15.15	0.00
Council Tax	90.41	91.76	93.28	95.15	97.05
Business Rates	58.04	59.70	61.88	63.35	64.62
Total Revenue:	193.00	184.75	179.09	173.65	161.67

Note: Council Tax level for '16/17 will be finalised at Full Council in February 2016. 2019/20 funding is included to indicate RSG reducing to zero.

Actual resource allocations from central government will not be confirmed until just before Christmas 2015, when we will be provided with revenue allocations for 2016/17. It is important to note that the figures quoted above are indicative and subject to change in this year's settlement.

We have continued to refine the financial and non-financial benefits achievable through our transformation programme in order to address the funding challenges ahead. At this point in the 2016/17 budget setting process, as in previous years, there remains a significant shortfall of circa £3m to be closed before the final budget can be approved at Full Council in February 2016.

Capital

Table 3: Estimated capital resources

2015/16	2016/17	2017/18	2018/19	2019/20	Total
£m	£m	£m	£m	£m	£m
98.855	59.847	63.824	30.584	28.860	281.970

We have extended the capital programme to provide a council investment of £282m over the next 5 years and continue to seek opportunities to lever in significant external investment in the city. Successful bids such as City Deal and the History Centre, alongside maximising contributions from developers, will leave a lasting positive legacy for the city. The Revenue and Capital budgets are inextricably linked. There is the consequence of all borrowing to fund the capital programme being a cost which needs to be borne by the revenue budget.

Workforce

Inevitably, the scale of financial reductions required will result in a shrinking of the workforce. We have tried, wherever possible, to protect front line staff and service delivery.

Table 4: Full Time Equivalent posts (excluding Schools) as at 31st March

2012	2013	2014	2015	Oct 2015	2016	2017	2018	2019	2020
ACTUAL					FORECAST				
FTE					FTE				
3,249	3,110	2,904	2,423	2,306	2,232	2,120	2,014	1,913	1,877

As a consequence of the funding cuts, there will be a further reduction in staff in addition to the 117 reduction to date in 2015/16. Similar downward trends in council workforce statistics are replicated throughout the country. We have, for some time, accounted for the cost of this change through the management of a redundancy reserve that we earmarked through planned end of year budget adjustments.

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. The protection of, and investment in, front line services such as children's and adult social care is specifically targeted at helping those most in need in our community.

Equality and Diversity

All actions being taken are covered by Equalities Impact Assessments undertaken as part of the 2015/16 budget setting process, signed off by the relevant Director or Assistant Director. These have been considered at relevant stages of transformation business case development, for example, health and social care integration. As such, there are no specific budget setting Equality Impact Assessments (EIA) as these are already inherent within our planned activities.

Recommendations and Reasons for recommended action:

1. That the proposed revenue target budget requirement for 2016/17 of £184.752m is presented for full public scrutiny in January 2016.
2. That the proposed indicative revenue forecasts for 2017/18 and 2018/19 are also presented for full public scrutiny in January 2016
3. That members and officers continue to bring forward further solutions in order to close the existing £3.442m budget gap in 2016/17 to present a balanced budget at Full Council February 2016.
4. That the proposed capital forecast of £282m is presented for full public scrutiny in January 2016.
5. 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 2016.

To agree the current indicative revenue and capital position for 2016/17 and future years for consultation and public scrutiny in January, prior to approval of a balanced budget at Full Council in February 2016.

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.

The alternative of adopting a blanket reduction in budget across all service areas will result in priority front line services to the public being adversely impacted.

Published work / information:

[Co-operative Council Finance Plan 2014-2017](#)

[Response to the Plymouth Fairness Commission recommendations](#)

[Delivering the Co-operative Vision Council Report 2014](#)

Background papers:

None

Sign off:

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Originating SMT Member: Andrew Hardingham													
Have the Cabinet Members agreed the contents of the report? Yes													

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- B. Indicative Net Revenue Budgets 2016/17 to 2018/19
- C. Reserves
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I. Context and Challenges

- 1.1 Following the General Election in May 2015, the Conservative Government set out their immediate financial plans in a Budget in July 2015. We will not have our settlement confirmed for 2016/17 until later in December 2015 following the Chancellor's Autumn Statement in November. Even then it will only be a one year settlement, but we must be prepared that following this announcement we will face further funding reductions in the coming years as part of the deficit reduction programme.
- 1.2 Following the shift in government policy to transfer the funding and risk to local authorities, with changes in business rates at the heart of the strategy, we are predicting a reduction in our Revenue Support Grant (RSG) over the period 2015/16 to 2018/19 of £29.4m representing a 66% cut. We are further projecting that in 2019/20 our RSG will have reduced to zero.
- 1.3 Although the continual removal of ring fencing in grants allows the Council more control to allocate resources to meet local need rather than central Government policy, the scale of the reductions of funding puts the Council under extreme pressure to make its costs match the scarce resources available.
- 1.4 With effect from April 2015, Plymouth City Council and the Northern Eastern Western Devon Clinical Commissioning Group (NEW Devon CCG) entered into a legally binding Section 75 agreement to integrate their respective funding covering all aspects of children's and adult's social care plus intervention services. The People Directorate, at £123m, accounts for close to two thirds of the Council's overall net budget, and we also have specific grant funding of circa £15m for the Office of the Director of Public Health with the primary purpose of improving the public health of our local population.

2. Consultation

- 2.1 The Council has continued to improve how it communicates with partners and citizens in relation to its budget setting and spending plans.
- 2.2 The Council continues to keep its partners fully informed of its corporate priorities and financial position. Key strategic partners have been invited to comment on the Council's priorities for spending and demonstrate areas of joint alignment against shared city priorities.
- 2.3 The recommended indicative 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).

3. The Corporate Plan 2013/14 – 2016/17

- 3.1 In July 2013, the Council adopted a new Corporate Plan. The Corporate Plan provides the foundation for everything that we do; what we want to achieve, how we deliver services and the way we will operate. It contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth. Each objective identifies outcomes by which our progress against delivery will be measured.
- 3.2 Commitments have been made to grow a stronger economy, deliver better services in spite of reducing resources, improve health and social care outcomes for citizens involving them in decision making and enhance the reputation of the city.

4. Revenue Resource Estimations

Table 5: Revenue Resource estimates

	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	Forecast			
	£m	£m	£m	£m	£m
Revenue Support Grant (RSG)	44.55	33.29	23.93	15.15	0.00
Council Tax	90.41	91.76	93.28*	95.15*	97.05*
Business Rates	58.04	59.70	61.88	63.35	64.62
Total Revenue:	193.00	184.75	179.09	173.65	161.67

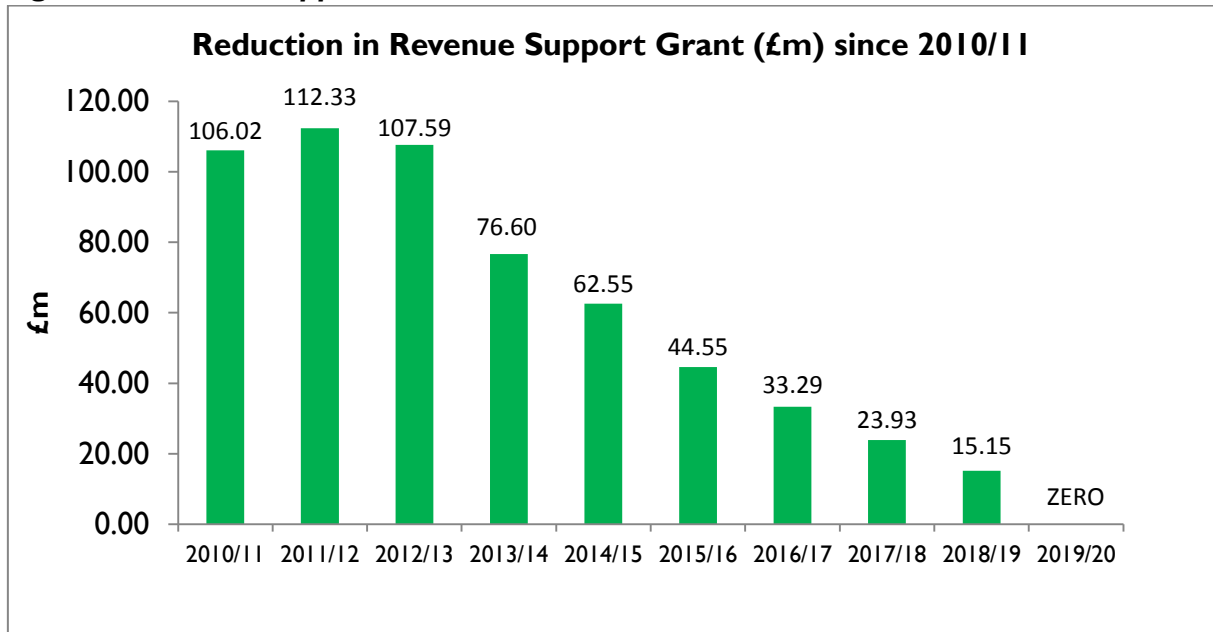
*Assumes +1.99% but subject to future Full Council decision

- 4.1 In addition to the above funding, the Council receives a number of specific service grants. Although the number of specific service grants has diminished, there are still two material grants that remain; the Dedicated Schools Grant, (DSG), which is ring-fenced and passported directly to Schools and the ring-fenced Housing Benefit Grant, both currently circa £100.00m.

Revenue Support Grant (RSG)

- 4.2 Linking with industry experts, Local Government Futures and the Local Government Association, (LGA), it is estimated that our core Revenue Support Grant formula funding allocation from central government will reduce from a base of £44.55m to £15.15m, a reduction of 66% **with a clear intent from Government to reduce to zero in 2019/20.**

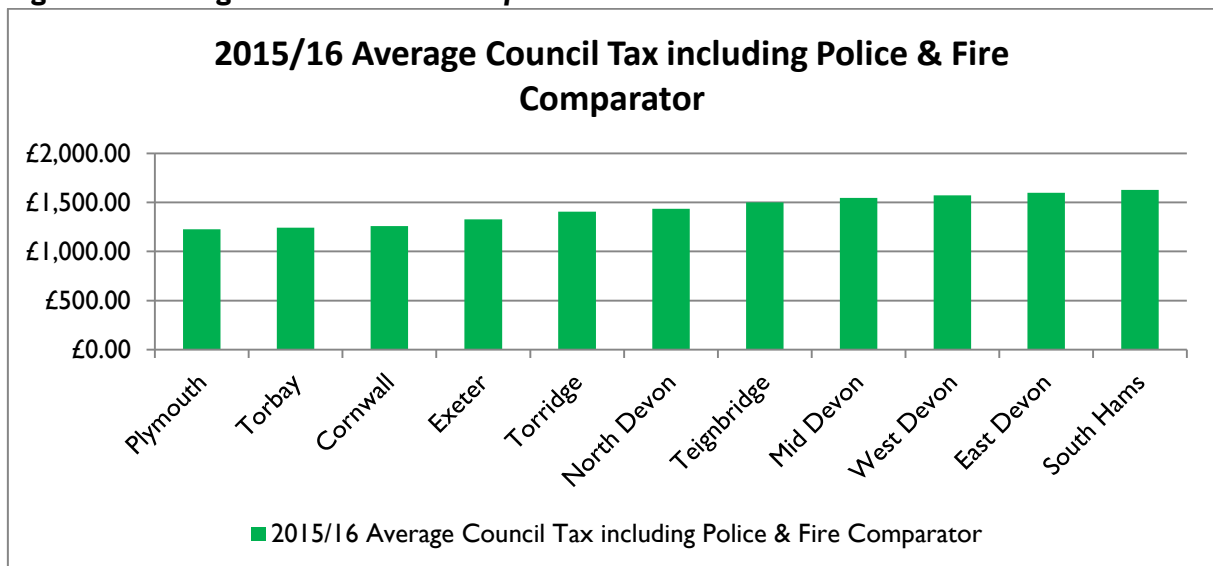
Figure 2: Revenue Support Grant to 2019/20 £m



Council Tax

- 4.3 In this budget we are modelling a Council Tax freeze for 2016/17. Compared to a 1.99% increase if implemented, this will save a council tax payer living in a Band D property 51p each week.
- 4.4 The decision on the 2016/17 Council Tax will take place at the Full Council meeting in February 2016. There is too much uncertainty at this stage to make a firm proposal.
- 4.5 With a Council Tax freeze for 2016/17 we would again retain the lowest average Council Tax levels in the South West. **Figure 3** below shows the 2015/16 comparison of average Council Tax.

Figure 3: Average Council Tax Comparator



Source: <https://www.gov.uk/government/collections/council-tax-statistics>

- 4.6 Plymouth City Council's 2015/16 average Council Tax charge is £1,225 per annum. Our nearest comparator is Torbay at £1,242 which is currently 1.4% more than our charge.
- 4.7 Given the Chancellor's announcements around welfare reforms in his Autumn Statement, and in line with other Unitary Authorities and our close neighbour group, we propose to maintain the level of Council Tax Support at the 2015/16 level for 2016/17.

Non Domestic Rates (NDR) – “Business Rates”

- 4.8 Under the government rules introduced from 2013/14, for any additional rates we collect, from the baseline of our 2013/14 bills, we are able to retain 49% of the surplus. The remaining balance is split 50% back to the national pot and 1% to the Devon and Somerset Fire Authority.
- 4.9 To help mitigate business rate risks, Plymouth continues to administer and contribute to the Devon-wide Business Rates Pool established in 2013/14, exploring potential to expand this arrangement beyond the county boundaries. The key advantage of a Pool is it can enable more of any business rates growth to be retained locally than if each authority was treated as 'standalone' under the business rates funding system.
- 4.10 In year one, 2013/14, Plymouth benefited by additional income of £0.311m; we are projecting additional income of £0.750m in 2016/17.
- 4.11 Given the uncertainty about future growth trends, plus Government announcements around 100% Business rates retention and the impact on pools, we have not assumed any growth in our future year projections. We remain optimistic that we will pass our 2015/16 target of £0.750m.
- 4.12 The key risk to business rates income is the economic environment and impact of businesses going into administration and/or leaving the city and the potential impact on any business successfully appealing their rateable value.

New Homes Bonus

- 4.13 The “New Homes Bonus” (NHB) is a Government scheme which is aimed at encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue.
- 4.14 Growth projections from 2017/18 and beyond are shown in **Table 7**. There is a risk to our future resource assumptions if the Government announces changes to the existing arrangements. The Chancellor has proposed reducing the funding from the current 6 year life to 4 years.
- 4.15 The NHB increase attributable to 2016/17 £1.319m is captured within the G.A.M.E programme Growth Dividend.
- 4.16 Plymouth City Council uses this funding to deliver public services and for 2016/17 we have assumed income of £5.516m (**Table 6**).

Table 6: Plymouth City Council allocation of new Homes Bonus (NHB)

2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
832	832	832	832	832	832		
	706	706	706	706	706	706	
		868	868	868	868	868	868
			1,189	1,189	1,189	1,189	1,189
				602	602	602	602
					1,319	1,319	1,319
						850	850
							850
832	1,538	2,406	3,595	4,197	5,516	5,533	5,678

Additional Cost Allocations

- 4.17 In addition to the reducing resources, additional costs accepted within the budget are exceptional in nature with the inherent assumption that spending departments will absorb the increased cost of service demand and inflation through proactive management action and efficiencies through business as usual operations.
- 4.18 However, the following, essential, costs have been incorporated within our budget plan.

Table 7: Cost allocations built into revenue budget (from 2015/16 base budget)

Item / area	2016/17	2017/18	2018/19
	£m	£m	£m
Salary & Pension / Inflation	0.900	1.500	1.800
ASC,CSC and People Directorate	3.562	0.750	1.000
Major Investments	0.850	0.500	(0.500)
National Insurance changes April 2016	1.500	-	-
Transport links / Income	0.528	-	-
National Living Wage	2.217	2.217	2.217
Delt	1.400	-	-
2015/16 savings met from one-offs	5.888	-	-
Plymouth Plan (one-off)	-	0.210	(0.210)
Total Additional Cost Allocations	16.845	5.177	4.307

- 4.19 **Salary & Pension / Inflation:** Pay awards have been significantly reduced over recent years, including a prolonged period of staff 'pay freeze'. An increase of 1% in our payroll roughly equates to £0.9m added revenue spend within our base budget. Looking forward, we have assumed an award of 1% each year with additional funding towards our pension deficit review included in 2017/18 and 2018/19. During 2016/17 the pension scheme will again be subject to its tri-annual review with any additional costs coming in from 2017/18. With current economic forecasts and assumptions, including a reducing workforce, we are anticipating the need to contribute more each year.

- 4.20 With the move towards alternative service delivery vehicles such as DELT (www.deltservices.co.uk) and CaterEd (www.plymouth.gov.uk/catered), future 'one off' costs will need to be quantified in terms of ensuring that there is no pension deficit at the point of transfer.
- 4.21 **Adult Social Care (ASC), Children's Social Care (CSC) and People Directorate:** For the 2016/17 budget, building on our 2015/16 budget setting process, we have again allocated additional revenue funding to match core spending requirements with the largest single amounts within the People Directorate relating to Children, Young People & Families and Adult Social Care. Between them, these two services account for circa £100m of expenditure (in gross terms).
- 4.22 **Major Investments:** We are creating the South Yard Marine Industries Production Campus site. This is a long term investment project which will create employment opportunities and generate commercial income in future years. The budget assumes an allocation of resources in 2016/17 to cover start-up and running costs with an additional allocation in 2017/18. This funding reduces in 2018/19 with the additional income streams from the new businesses. These running costs will not be required long term as the overall investment generates more income than the running costs.
- 4.23 Plymouth City Council is working towards the 400th celebration of the sailing of the Mayflower from Plymouth and has set out ambitious plans to ensure the occasion is marked nationally as well as locally. We have made an allocation to cover the revenue associated costs of planning and hosting events up to and including 2020.
- 4.24 **National Insurance changes April 2016:** The Government has announced changes to the levy of national insurance on both employees and their employers for those eligible to a defined benefit pension. Plymouth City Council runs such a scheme and will therefore incur this additional cost burden, calculated to increase our annual salary costs by £1.5m from April 2016.
- 4.25 **Transport links / income:** As well as funding for supporting studies into improving our high speed rail link to London, this also includes covering the car park income lost as a result of the closure of some of the city's current strategic sites. These sites when developed will increase future revenue streams in terms of business rates and council tax.
- 4.26 **National Living Wage:** The Government has introduced a National Living Wage for all working people aged 25 and above. In the Budget it was announced that the new compulsory National Living Wage of £7.20 per hour will be introduced in April 2016; we have calculated the impact on Plymouth City Council's commissioning contracts to be £2.217m in 2016/17 rising by the same amount in the following two years.
- 4.27 **Delt:** The publicly owned private sector company, Delt, set up in October 2014, currently provides a vast range of IT services to Plymouth City Council (PCC) and NHS as its founding partners. Delt Shared Services Ltd. is continuing to grow and develop the services it provides to its partners and customers. The company was formed to provide a shared IT service currently providing IT Service Management; IT Professional Services; IT Infrastructure Solutions and Business Applications. As the company is still in its infancy, we are undertaking a full review of all of the running costs and are providing £1.4m from 2016/17 to enable the company to be correctly funded going forward.

- 4.28 **2015/16 savings met from one-offs:** During the setting of the 2015/16 budget, each directorate and transformation programme identified savings (cumulative value of £21m) to be delivered within year and embedded into budgets going forward. Although in the majority of cases these savings plans are still on course to deliver the full savings, in some cases the launch and therefore the delivery of the savings was delayed during 2015/16. These shortfalls have been made good by one-off in-year savings equating to £5.9m. Each Director has been tasked to ensure these savings are delivered in full and sustainable during 2016/17 and form part of the savings target.
- 4.29 **Plymouth Plan (one-off):** this covers the anticipated consultation costs in 2017/18.
- 4.30 In addition to these additional costs, we have identified two areas which give us potential one-off opportunities from reviewing our Working Balance, and Council Tax Freeze Grant, totaling £1.861m.
- 4.31 **Working Balance:** We have allowed for the reduction of £0.950m in our Working Balance in accordance with previously agreed policy to keep the cash contingency at 5% of net budget.
- 4.32 **Council Tax Freeze Grant:** equivalent to 1% (£0.911m), receivable from central Government as compensation for not increasing our Council Tax in 2016/17. There has been no formal confirmation of whether this grant will be available in 2016/17. Introduced in 2011/12, it has been available for the last 5 years.

5. Addressing the Funding Gap - Future Direction and Shape of the Council

- 5.1 Our Transformation Programmes have fundamentally changed the way that the Council goes about its business by improving efficiency and reducing costs whilst still delivering benefits for citizens of Plymouth. Significant savings will be focused in four key programmes:

Growth, Assets and Municipal Enterprise (GAME)

- Economic growth initiatives that will provide financial dividends for the Council; attracting more businesses and business growth in the city and growing the council tax base through building more housing
- A more commercial approach to the way that we commission and run our services across the City - combining decent standards with high productivity

Integrated Health & Well Being (IHWB)

- Creating an integrated approach to health, wellbeing and social care commissioning and delivery
- Working co-operatively with partners to deliver joined-up high quality services

Customer Service Transformation (CST)

- Customer-led service redesign
- Transforming the way the Council interacts with citizens and serves its customers
- Meeting customer needs and preferences
- Moving to a purpose-built “1st Stop Shop” in the city centre

People and Organisational Development (POD)¹

- Smarter, evidence based decision-making for the Council using co-operative principles
- Affordable support services that support our changing organisational needs
- A strategic asset review
- Staff accommodation requirement

- 5.2 A number of desired non-financial benefits will also be realised through the Programmes including:
- Making the changes to services that are needed and taking opportunities to improve the customer experience as we do so;
 - Opportunities for council staff to improve their job satisfaction and gain knowledge, skills and experience;
 - Working co-operatively with partners across the city and in the wider region, helping achieve partnership objectives.

Growth, Assets and Municipal Growth (GAME) programme plus Place Directorate

- 5.3 GAME represents a range of initiatives to accelerate Plymouth's economic growth and deliver housing. This will raise income and reduce costs to the Council.
- 5.4 In addition, we will continue to review services such as refuse collection, recycling, street cleansing and parking to identify ways of making them more efficient and increase income and exploring potential new ways of delivering them in the longer term.
- 5.5 Embedding a commercial strategy will enable us to make the best use of our assets and take a more commercial approach to commissioning and running services. Commercialisation considers how we can generate new income streams whilst also maximising income from either recovering total costs for services provided or by generating new sustainable income streams.
- 5.6 The Growth Divided continues to accelerate growth in the City so that more housing and businesses generate additional income from Business Rates, Council Tax and New Homes Bonus.
- 5.7 Street Services continues the journey of modernisation and taking opportunities to work co-operatively with our communities, business and partners to provide more responsive Street Services such as Waste Collection and Disposal, Recycling, Parks, Street Cleansing whilst also looking at procuring Highways in a more collaborative way.
- 5.8 We are also continuously re-profiling programmes and projects to ensure the budget reflects when we need our resources for example City Deal.

¹ Our Cooperative Centre of Operations (CCO) has been merged with our People and Organisational Development programme (P&OD) and is now simply People and Organisational Development.

Customer Service Transformation (CST) plus Office of the Director of Public Health (ODPH)

- 5.9 The changes being made can be summarised as:
- Delivering a ‘tell us once’ approach to customer information saving customers and the Council from having to deal with multiple contacts for the same service request
 - Providing consistent measurable standards of customer service applied across all services and channels
 - Offering customers easy and convenient access to their preferred service channel
 - Expanding availability and scope of self-service channels across all service
- 5.10 Customer Service Transformation will deliver integrated, quality and consistent interactions between the public and the Council. We will reduce the number of ‘entry points’ on how the public and service users make contact with the council and ‘shift’ more costly and cumbersome processes and contacts into more efficient, commercial and sharper business.
- 5.11 An example of progress to date includes the opening of the new shop in New George Street which offers customers a completely different experience of dealing with the Council.
- 5.12 A continued focus on system investment is required to improve efficiency, through achieving greater on-line functionality and enabling the public to ‘self-help’ and access council services remotely (for example, the on line ‘fix my street’ application)
- 5.13 Having established a core operating model, service reviews will be carried out to ensure a consistent approach to serving customers is taken across the organisation.
- 5.14 The Director of Public Health will also review all departmental costs and plans to achieve savings in 2016/17 of £0.200m.

Integrated Health and Wellbeing (IHWB) programme plus People Directorate

- 5.15 In order to achieve the required savings and benefits across the People Directorate and Integrated Health & Wellbeing Programme the following areas will be focussed on:
- 5.16 **Integrated Delivery** by working in partnership with Plymouth Community Healthcare we will focus on the realisation of a single management arrangement and multi-skilled workforce the efficiencies created by this will be realised through the integrated PCH contract and a reduction in care package costs.
- 5.17 The **Integrated Commissioning** priorities will be to further identify areas where services can be jointly commissioned thus collectively managing the provider market, removing duplication of effort, joining together offers and realising efficiencies through the reduction/rationalisation of contracts across the whole system and maximising income and grant funding

- 5.18 Taken together, Integrated Delivery and Integrated Commissioning will enable the delivery of an enhanced health and social care service for Plymouth which will:
- Allow easier and earlier access to services that promote wellbeing or that provide help in a crisis
 - Empower people to take control of their own health and wellbeing
 - Support strong links between local communities in Plymouth with GPs, schools, social workers and community organisations, which will help people to stay independent for longer
 - Help older people who have come out of hospital to stay at home
 - Ensure that families and carers will not have to chase professionals or ask them to talk to each other
 - Support children with a learning disability and their families and carers in managing their needs and ensuring that when they turn 25 they will continue to receive the support they need
 - Develop social capital that enhances the lives of people in Plymouth through providing local resources that support a greater emphasis on prevention and early intervention
- 5.19 The **Children's Project** has been reviewing existing working practices and systems, over the coming months the focus will be on two key areas of the pathway:
- Early Help and how we can grow this offer across the whole system to prevent escalation in need and thus minimise high cost packages of support
 - Children's Social Care; new ways of working, the implementation of a revised IT system and the joining together of functions we will improve capacity across the system and realise efficiencies whilst protecting frontline staff
- 5.20 The **People Directorate** review will accelerate to support the review of all areas not within the scope of Integrated Delivery, Commissioning or Children's and Young People. Efficiencies and a reduction in headcount will be achieved through the opening of EVRS and then the subsequent remodelling of teams and services across the directorate.
- 5.21 The Directorate will also continue to seek to maximise all available grant funding and additional income opportunities.

People and Organisational Development (POD) programme plus Transformation and Change Directorate

- 5.22 In October 2014, we went live with the shared ICT service delivery, (Delt), collaborating with our health partners, the N.E.W. Clinical Commissioning Group (CCG). This new jointly owned entity will enable us to achieve more efficiency savings whilst delivering our planned change agenda including the integration of health and social care. Moving forward, we will seek opportunities to expand the client base and remit of Delt in order to maximise income generation potential with a number of potential new customers already identified.

- 5.23 A full review of the Human Resources, Finance and Corporate Services will identify new ways of working to reflect the changing requirements of the organisation; in particular, supporting the advent of more commissioned and shared frontline services. Utilising information technology, we will enable the business to access real time management information using core systems. Modernising our processes will make us more efficient and enable us to reduce our staffing and other associated support costs. Included within the Finance review are plans to strengthen the approach to making the Council more commercial through the recruitment of a senior post reporting to the Strategic Director for Transformation and Change.
- 5.24 Included in the Corporate Services review will be the consideration of an Integrated Assurance Service, bringing together teams from Audit, Risk & Insurance, Fraud and Health & Safety to have an integrated 'compliance' function. This new function would provide a slicker, joined up management tool for the business, reducing the volume of compliance testing needed across the individual support functions whilst, also, creating a combined service that will have income generation potential.
- 5.25 Commissioning and Procurement will develop better intelligence around the Council's, and key partners', spending patterns. This will enable greater opportunities for collaboration and drive efficiencies of scale to deliver tangible savings.
- 5.26 The core focus of the POD programme will be to flexibly adapt all back office support services, using the most appropriate delivery mechanisms, in order to shape the organisation to be in a position to take advantage of the opportunities that change across public services will present. For example, major changes in other transformation programmes, such as creating an integration delivery function for health and adult social care, will require significant changes in how we organise our support functions.
- 5.27 Reflecting the maturity of our Transformation Programme, as we move from planning to delivery, we will be reducing the cost of the core portfolio team year-on-year reducing the cost base by £0.500m each year.

Other savings / Income assumptions

- 5.28 In addition to the savings detailed above, we have also put in place the following cost savings and income assumptions.
- 5.29 Within the Chief Executive's Office, we are forecasting savings of £0.050m for 2016/17.
- 5.30 We continue to review our Treasury Management Strategy to ensure we get the best balance of risk versus return on our investments, whilst ensuring the best available sources of borrowing. We will also review our Capital Financing Requirement (CFR) to ensure we minimise our MRP (Minimum Revenue Provision) requirement. For 2016/17, we are planning for additional savings of £1.245m.
- 5.31 We have again set a target saving of £0.200m within Corporate Items to reflect the sale of annual leave to employees.
- 5.32 A full review of all Corporate Items to include: benchmarking our policy on capitalisation of revenue expenditure in areas such as our PCC/CCG integrated fund; a consistent policy on charging for commercial debt late payments; rates hardship relief.
- 5.33 The full analysis of our £19.799m savings plans for 2016/17 is included as **Appendix A**.

6. 2016/17 Detailed Budget

- 6.1 The net revenue budget that we are presenting for 2016/17 is for £188.194m which is currently £3.442m more than the estimated resources available.
- 6.2 We will continue to develop financial solutions over the coming weeks in order to present a balanced budget to the February 2016 Full Council meeting.

Table 8: Indicative Budget position

	2016/17 £m	2017/18 £m	2018/19 £m
REVENUE RESOURCES AVAILABLE	184.752	179.090	173.650
Baseline spend requirement	193.009	184.752	179.090
Plus identified additional costs	16.845	5.177	4.307
Less One-off Opportunities	(1.861)	-	-
Overall spend requirement	207.993	189.929	183.397
Gap before intervention:	(23.241)	(10.839)	(9.747)
Savings (Appendix A)	19.799	10.511	6.416
Revised Spend requirement (Budget)	188.194	179.418	176.981
Indicative Budget Gap	3.442	0.328	3.331

More details for the three indicative years are set out in **Appendix B**.

Recommendation 1: That the proposed revenue target budget requirement for 2016/17 of £184.752m is presented for full public scrutiny in January 2016.

Recommendation 2: That the proposed indicative revenue forecasts for 2017/18 and 2018/19 are also presented for full public scrutiny in January 2016

Recommendation 3: That members and officers continue to bring forward further solutions in order to close the existing £3.442m budget gap in 2016/17 to present a balanced budget at Full Council February 2016.

- 6.3 In setting the budget, we have taken a cross-cutting approach to prioritisation and resource allocation. However, for reporting purposes, we have re-presented the figures on a departmental basis in **Table 9** in order to provide a year by year comparison.

Table 9: Indicative target budget by directorate 2016/17

Directorate	2015/16 Budget as at Sept 2015 £m	Indicative 2016/17 Budget £m	Net Movement £m
Executive Office	3.867	3.817	(0.050)
Corporate Items	7.915	7.279	(0.636)
Transformation and Change	33.291	31.790	(1.501)
People Directorate	123.119	121.902	(1.217)
Public Health	1.016	0.816	(0.200)
Place Directorate	23.801	22.590	(1.211)
Grand Total	193.009	188.194	(4.815)

- 6.4 The figures stated are net revenue figures. For comparison purposes, our net budget for 2015/16 is £193.009m.
- 6.5 Clearly, our budget solutions moving forward rely on us to, wherever possible, maximise the income and investment coming into the city alongside the need to reduce our spend commitments.

7. Review of Reserves and Risk Management

- 7.1 There is continuing uncertainty around our future funding settlements, highlighted by the one year funding envelopes where we used to have visibility for a four year horizon. We know the government is looking to overhaul the NDR (Business Rates) funding during this parliament. There is also a rates revaluation to be undertaken for 2017 implementation.
- 7.2 We do not yet have enough information to fully model the impact of the government's Welfare Reform and how it will affect both demand and therefore costs in areas such as our Council Tax Support Scheme.
- 7.3 Given these uncertainties, it is important we maintain our prudent approach to risk management and the retention of our reserves.
- 7.4 Our core working balance, as at 31 March 2015, at £10.6m representing 5.5% of our indicative net 2015/16 revenue budget £193.009m. Our plans are to retain the Working Balance level throughout 2016/17 at a minimum of 5% (compliant with the objectives set within our Medium Term Financial Forecast) and consistent with the approach adopted by other unitary authorities. We are therefore proposing to reduce our Working Balance in 2016/17 by £0.950m to a revised £9.7m, representing 5.2%.

- 7.5 In addition to the Working Balance, specific earmarked reserves are forecasted at £28.5m at the end of March 2015 and forecasted to reduce to £20.5m by 31 March 2016. The balances include, under Internal Financial Reporting Standards (IFRS) requirements, Schools Balance (currently £7.4m) and unused year end Grants carry forwards once quantified.
- 7.6 Specific reserves are set to cover known or estimated future costs for specific activities and/or liabilities.
- 7.7 As part of our revenue budget, we have historically carried a contingency as part of the Corporate Items budget. This is set aside to cover any unforeseen budget pressures. For 2016/17 this has been retained at £1m. As and when the exceptional pressures become evident during the year, directors will need to present evidence to gain approval to draw down from this contingency.
- 7.8 An analysis of actual, and planned, movement across all key Council Reserves is set out in **Appendix C**.

8. Human Resources and Workforce

- 8.1 The Council directly employs approximately 2,781 staff (2,306 FTE) and approximately 2,000 FTE staff within maintained schools. The impacts of the Council's budget proposals affect only those employed directly as schools have delegated budgets for staffing.
- 8.2 Budget provision (approximately £1m) is put aside for an increase in pay costs. An allowance for future pay awards has been factored into our cost pressures.
- 8.3 We continue to drive the values of a fair and equitable employer and have adopted the principles of The Living Wage. We will be implementing the new Living Wage rate of £8.25 per hour from April 2016.
- 8.4 A strategic spotlight on talent management will ensure we review the whole spectrum of how we attract, develop and retain an 'agile' and brilliant workforce. Workforce planning is a key tool that will enable us to proactively plan for the medium and longer term; understanding internal and external drivers that will change the shape and cost of our workforce for the future.
- 8.5 Our success in attracting and building our base of apprenticeships across the council has been impressive. We currently host 81 apprentice learners. Such placements help Plymouth City Council to invigorate the workforce, attracting new ideas and harvesting a healthy culture of nurturing and developing local talent.

- 8.6 Our workforce has reduced significantly in the last 3 years; a reduction of 29% (Full Time Equivalent) since April 2012. In overview terms, as of October 2015, we have reduced our FTE posts by 943 since March 2012 with further posts being considered through alternative service delivery mechanisms (e.g. shared services, social enterprises) as a direct result of the actions and solutions that will be delivered within the 2016/17 budget.

Table 10: FTE Year on Year comparison

	Mar 12	Mar 13	Mar 14	Mar 15	Oct 15	Net Movement Mar 12 - Oct 15
	FTE					
Executive Office	38	34	31	68	67	29
Transformation & Change	856	802	798	685	622	(234)
People	1,493	1,482	1,329	949	928	(565)
Place	862	792	746	626	595	(267)
Public Health	-	-	-	95	94	94
Total	3,249	3,110	2,904	2,423	2,306	(943)

Numbers in () indicate a reduction

- 8.7 2016/17 will see further FTE reductions. For example, as part of the Transformation Programme, the Transformation and Change Directorate (Corporate Support Services) are implementing service reviews in 2015/16 to fix, prepare and transform the way that the corporate centre supports the Council and our external customers.
- 8.8 In HR&OD and Finance, this will include the introduction of an Ulrich Business Partner model that will improve and modernise the way that staff and managers access these services and transform the way that corporate services support their customers. A positive gear change from transactional to strategic support will require ICT investment to enable efficient and effective self-service and contact centre capability and functionality. An internal 'AGILE HR' and 'Finance Fit' staff development programme is being developed to improve our in-house skills and capability in business partnering, specialist and transactional shared business services.
- 8.9 In the next 4 years the downward trend in our FTE numbers is expected to continue but at a slower pace now that early opportunities to reduce our direct workforce via transfers into arms-length and external service delivery organisations have largely been taken. An annual 5% FTE reduction will see the workforce reduce in size from 2,306 FTE (as of Oct. 2015) to c. 1,877 FTE by April 2020. This will be impacted by a number of factors including staff turnover, TUPE transfers (both in and out of PCC) and organisational change programmes and will require effective workforce planning. A commercial approach and shared services opportunities may offset these reductions.

- 8.10 The overall salary bill continues to be a significant cost to the Council, costing circa £80m including on-costs. Local Collective Agreements in 2000, 2004 and 2011 have reduced pay and terms and conditions considerably in recent years and a new 'Productivity Deal for Staff' using a Total Reward approach will be developed to increase productivity, improve employee engagement and reduce cost. Agency worker costs and management costs will be reviewed to ensure optimal organisational structures are in place, along with an aligned workforce development strategy to ensure we are growing our own talent and developing our staff and our volunteers to flourish within an agile whole system public services workforce.
- 8.11 Absence rates across the council are an average of 7.51 days (October 2015). We are below average rates compared to other unitary councils, however there is still much we can do to improve attendance so we will retain close monitoring and management action in order to continue the downward trend in future years.

9 Capital Resources

- 9.1 The Council has expanded the Capital Resources Forecast to include current year 2015/16 plus four to 2019/20. There remains some volatility around future capital grant funding and income generation through capital receipts. The five year forecast is based on known and anticipated future capital funding streams using the assumptions as detailed below.

Table 11: Five year Estimated Capital Resources

Funding Source	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
Un-ring-fenced Grants	15.306	10.071	6.585	5.315	5.315	42.592
Ring-fenced Grants	23.402	26.574	39.681	12.288	8.665	110.610
Developer Contributions	20.563	8.016	6.200	6.201	6.200	47.180
Capital Receipts	10.550	3.935	1.740	0.525	2.400	19.150
Unsupported Borrowing	24.518	6.299	8.008	5.000	5.000	48.825
Revenue funds / other	4.516	4.952	1.610	1.255	1.280	13.613
Total	98.855	59.847	63.824	30.584	28.860	281.970

- 9.2 The current funding assumptions total £282m but this will increase as more investment to the city is secured. From this forecasted funding, £13m has been allocated to the Investment Fund and a further £139m to the overall Capital Programme.
- 9.3 There is a clear link between the revenue budget and unsupported borrowing. Where a capital project is not fully funded the Council may have to borrow the additional funds and the associated interest charge has to be paid for through the revenue budget.

- 9.4 As un-ring-fenced capital resources are fully committed within the existing approved capital programme, future capital proposals which would formerly have contained a request for un-ring-fenced resources will be shown as funded from borrowing. This will ensure that any exposure to risk surrounding the over allocation of un-ring fenced resources is mitigated. Should alternative un-ring-fenced (or otherwise) resources become available by the end of the financial year, then this borrowing will not be required.
- 9.5 There are a number of risks inherent within the calculation of forecast resources, the majority of which are reflected by the use of an appropriate RAG rating. Every additional £1m borrowed for a project over 10 years will cost the revenue budget circa £0.129m being £0.029m interest and Minimum Revenue Provision (the money set aside to repay the loan) of £0.100m per year.
- 9.6 More details of our five year Capital Programme are set out in **Appendix D**.

Recommendation 4: That the capital forecast of £282m is presented for full public scrutiny in January 2016.

- 9.7 Key schemes include:
- History Centre
 - Major infrastructure projects to support large scale growth of eastern and northern corridors
 - School build and modernisation
 - Housing development (e.g. Housing Loan Scheme)
 - City market major refurbishment
 - Street lighting bulb replacement
 - Multi £m investment in the city's roads maintenance
- 9.8 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 will be continually updated as further details of funding are made available.
- 9.9 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).
- 9.10 However, with resources at a premium, we need to ensure that we maximise the outcomes and revenue savings generated through capital investment. For example, growing businesses in the city and building more houses will generate much needed business rate income, new homes bonus and extra council tax.
- 9.11 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 five year capital budget. We note with interest the Chancellors statement regarding the creation of a "Pothole" Fund. At the time of writing the details of this are still unknown. Whilst government have been deliberating the Council has proactively committed resources to improve the state of the city's roads and have significantly reduced the number of potholes over the last few years.

- 9.12 In partnership, we have undertaken a strategic review of all of the council's assets. This review will help us to take a more sustainable, longer term view to decision making regarding the level of investment and dis-investment from our asset base. We will continue to challenge the purpose and need for asset ownership, consider investing and building the asset base where appropriate and generate capital receipts and encourage more house building through the sale or development of the land and buildings that we own.

10 Next Steps

- 10.1 This is a draft budget report for consultation. In early February 2016, Cabinet will consider all consultation responses, along with the output from the January 2016 budget scrutiny and any material changes from the final funding settlement, prior to recommending a final budget for adoption by Full Council on 29th February 2016.
- 10.2 Cabinet and officers will continue to challenge all of the cost and saving assumptions in this report to close the current gap and present a balanced budget in February.
- 10.3 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.
- 10.4 Officers and Members need to work through the detail of the Chancellor's proposed Council Tax Levy of 2% to fund social care and implications for the final 2016/17 Budget.
- 10.5 Officers and Members need to work through the implications of a Council Tax freeze versus any increase for 2016/17 and the impact on future funding.
- 10.6 All departmental budgets will need to be updated and adjusted to account for:
- a. Final allocations re Revenue Settlement;
 - b. Virements undertaken during the period October to 31 December 2015:
- 10.7 Details of all such corporate adjustments will be incorporated within the papers for the final February 2016 Council budget meeting. Corporate adjustments are not anticipated to materially affect the departmental revenue targets as detailed within this report.

Recommendation 5: 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 2016.

BUDGET SAVINGS £m
APPENDIX A

Area	Project	2016/17	2017/18	2018/19
GAME/Place	Growth Dividend – New Homes Bonus	1.319	0.850	0.850
GAME/Place	Growth Dividend – Council Tax	Moved to resources £0.680m / £0.730m	0.680	0.680
GAME/Place	Growth Dividend – Business Rates		0.250	0.840
GAME/Place	Investment Portfolio	0.100	0.300	0.800
GAME/Place	Commercialisation and Income Reviews	0.756	1.761	1.076
GAME/Place	Place Directorate Review	0.503	0.040	-
GAME/Place	Place 2015/16 one-off savings b/fwd.	0.335	-	-
GAME/Place	Reduced Insurance premiums	0.200	-	-
GAME/Place	Street Service Operations	0.250	0.100	0.750
GAME/Place	City Deal Re-profiling	0.200	-	(0.200)
GAME/Place	Highways Re-Procurement	-	0.250	-
CST	Customer Service Transformation	1.349	-	-
ODPH	ODPH Directorate savings	0.200	-	-
IHWB/People	Integrated Delivery	0.830	-	-
IHWB/People	Integrated Commissioning	2.331	3.000	0.520
IHWB/People	Children, Young People, Youth and Families	2.400	0.500	-
IHWB/People	People Directorate Review	1.435	-	-
IHWB/People	Maximising Grants/Income/efficiencies People Directorate	2.219	-	-
POD/T&C	Finance Transformation	1.500	-	-
POD/T&C	HR Transformation	0.300	-	-
POD/T&C	Procurement Savings	0.400	-	-
POD/T&C	Legal department Transformation	-	0.200	-
POD/T&C	Corporate Fraud Debt Recovery	0.100	-	-
POD/T&C	Strategic Asset review	0.070	-	-
POD/T&C	Maximising Grants/ Income/efficiencies T& C Directorate	-	1.100	-
POD/T&C	Delt Savings under review	0.704	-	-
POD/T&C	Transformation Portfolio Savings	0.500	0.500	0.500
POD/T&C	Library review	0.048	0.080	-
POD/T&C	Review of Elections	-	0.100	-
Chief Ex	Chief Executive Office	0.050	-	-
Corp Items	Treasury Management	1.245	0.800	0.600
Corp Items	Sale of Annual Leave	0.200	-	-
Corp Items	Corp Items Review	0.255		
	Total Savings	19.799	10.511	6.416

INDICATIVE NET REVENUE BUDGETS 2016/17 – 2018/19
APPENDIX B

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	7,915	3,867	123,119	23,801	1,016	33,291	193,009
Cost & Volume	3,714	0	7,998	2,133	0	3,000	16,845
Risks & Opportunities	(1,861)	0	0	0	0	0	(1,861)
Savings	(2,489)	(50)	(9,215)	(3,344)	(200)	(4,501)	(19,799)
Indicative 2016/17	7,279	3,817	121,902	22,590	816	31,790	188,194

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	7,279	3,817	121,902	22,590	816	31,790	188,194
Cost & Volume	1,500	0	2,967	710	0	0	5,177
Savings	(800)	0	(3,500)	(4,231)	0	(1,980)	(10,511)
Indicative 2017/18	7,979	3,817	121,369	19,069	816	29,810	182,860

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	7,979	3,817	121,369	19,069	816	29,810	182,860
Cost & Volume	1,800	0	3,217	(710)	0	0	4,307
Savings	(600)	0	(520)	(4,796)	0	(500)	(6,416)
Indicative 2018/19	9,179	3,817	124,066	13,563	816	29,310	180,751

RESERVES

APPENDIX C

Reserves Summary	Balance as at 31/03/2015	Forecasted Movement 15/16	Forecasted Balance as at 31/03/2016	Forecasted Movement 16/17	Forecasted Balance as at 31/03/2017	Purpose of Reserve
	£000	£000	£000	£000	£000	
Commuted Maintenance Total	(3,058)	(217)	(3,275)	32	(3,243)	Funds set aside to fund future years maintenance costs of specific areas of land, buildings or equipment
Care Act	(500)	500	0	0	0	Funds set aside to fund costs of implementing the Care Act
Grants carry forward	(2,500)	2,500	0	0	0	Carry forward grants from one financial year to the next financial year
Investment Fund	(1,554)	890	(664)	164	(500)	Funds set aside to finance Investment Fund
Job Evaluation/Equal Pay	(200)	0	(200)	0	(200)	Funds set aside to fund job evaluation claims
Life Centre Dowry	(600)	0	(600)	0	(600)	Future funding for major remedial works to Plymouth Life Centre
Plan for Jobs	(390)	390	0	0	0	Funds set aside to fund job creation projects in the city
Recovery costs - Icelandic Banks	(85)	0	(85)	0	(85)	Funds set aside to cover Icelandic claim legal costs
Insurance & Risk Management	(1,179)	879	(300)	0	(300)	To minimise insurance risk and meet unforeseen / increased costs of insurance
Additional Pensions Liability	(566)	0	(566)	0	(566)	Funds set aside to cover additional pension fund liability post valuation
Redundancies & Voluntary Release	(700)	700	0	0	0	Funds set aside to cover employee reductions, balance to be reviewed during outturn 2015/16
Carry Forwards	(753)	753	0	0	0	Revenue carry forwards to fund known /specific costs in future years
Skills Agenda	(87)	10	(77)	0	(77)	Funds set aside for skills improvement projects
Stock transfer residual liabilities	(1,005)	0	(1,005)	0	(1,005)	To fund potential liabilities post stock transfer to Plymouth Community Homes
Transformational Change Reserve	(135)	135	0	0	0	Funds set aside to fund the acceleration of the Corporate Transformation Programme
Waste Reserve	(750)	750	0	0	0	To cover Waste Disposal costs ahead of EfW plant go live
Earmarked General Reserves Total	(11,004)	7,507	(3,497)	164	(3,333)	

Reserves Summary	Balance as at 31/03/2015	Forecasted Movement 15/16	Forecasted Balance as at 31/03/2016	Forecasted Movement 16/17	Forecasted Balance as at 31/03/2017	Purpose of Reserve
	£000	£000	£000	£000	£000	
Beechwood Campus Drs Surgery Reserve	(35)	0	(35)	0	(35)	Set aside funds for known future years liability
Education Carry Forwards	(13)	0	(13)	0	(13)	Schools ring-fenced resources
PFI reserves	(1,391)	0	(1,391)	0	(1,391)	PFI Credits received in advance
School Budget Share	(7,365)	0	(7,365)	0	(7,365)	Schools ring-fenced resources - mainly funded via grants
PACLS	(100)	0	(100)	0	(100)	Funds set aside in respect of potential pension liability re PACLS
Education/schools Earmarked reserves Total	(8,904)	0	(8,904)	0	(8,904)	
Other reserves Total	(1,177)	379	(797)	(418)	(1,216)	All reserves have been reviewed and confirmed as required to meet specific policy requirements
A386 Park & Ride Leased Spaces	(400)	44	(356)	44	(312)	Reserve for leased spaces at George Park & Ride Site
Brickfields Sports Development	(44)	44	0	0	0	Reserve set aside to meet future expenditure in Devonport in lieu of grant funding in 2007/08
Tamar Bridge & Torpoint Ferry	(2,575)	0	(2,575)	0	(2,575)	This balance represents Plymouth's 50% share of the operations ring-fenced reserves
Tamar House - Commercial rents sinking fund	(724)	286	(438)	50	(388)	Manage RDA purchased assets and net income etc. be used for Economic Development Initiatives
Other Ring fenced Reserves Total	(3,743)	374	(3,369)	94	(3,275)	
Trading Account & other statutory reserves Total	(574)	65	(509)	0	(509)	Accumulated trading position, for reinvestment in trading activities or departmental related expenditure
Working Balance Total	(10,620)	951	(9,669)	0	(9,669)	
Grand Total	(39,080)	9,059	(30,021)	(128)	(30,149)	

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CAPITAL INVESTMENT PROGRAMME 2015/16 TO 2019/20
APPENDIX D

Approved Capital Programme	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£000					
Investment Fund	5,646	2,714	4,461	0	0	12,821
Total	5,646	2,714	4,461	0	0	12,821
Pioneering						
Electric Car Charge Points	18	-	-	-	-	18
Energy Projects	1,565	1,681	-	-	-	3,246
Ernesettle Solar Farm	3,187	549	-	-	-	3,736
Street Lighting Bulb Replacement	3,125	150	-	-	-	3,275
Vehicles	3,629	1,619	-	-	-	5,248
West Hoe Pier	106	-	-	-	-	106
Retained Waste	1,800	-	-	-	-	1,800
Whitleigh HQ	940	303	-	-	-	1,243
The History Centre	155	200	2,622	610	-	3,587
City Market	227	3,093	79	-	-	3,399
City Centre	45	236	119	-	-	400
Coastal Communities	24	-	-	-	-	24
Mount Edgcombe	226	182	-	-	-	408
Mercury Abatement	-	-	1,093	-	-	1,093
Customer Services	1,468	-	-	-	-	1,468
ICT	4,153	64	-	-	-	4,217
Assets Lifecycle Maintenance	500	-	-	-	-	500
Corporate Heritage Maintenance	411	-	-	-	-	411
Corporate Property	37	-	-	-	-	37
Accommodation Strategy	82	-	-	-	-	82
Accommodation Transformation	4,213	-	-	-	-	4,213
Sustainable Energy	126	150	-	-	-	276
Total	26,037	8,227	3,913	610	0	38,787
Growing						
S106 Transport	1,101	333	-	-	-	1,434
Strategic Housing	310	144	-	-	-	454
South Yard	1,256	7,968	6,040	133	-	15,397
Gypsy & Traveller Sites	719	500	-	-	-	1,219
Basic Need - Schools	10,706	2,940	-	-	-	13,646
Development Works	35	4,000	-	-	-	4,035
Condition Works	3,530	-	-	-	-	3,530
Oreston Primary Academy - S106	23	-	-	-	-	23
Universal Infant Free School Meals	50	-	-	-	-	50
Devolved Capital	1,479	771	475	475	475	3,675
Total	19,209	16,656	6,515	608	475	43,463

Caring						
Joint Commissioning & Adult Social Care	1,332	-	-	-	-	1,332
Homes & Communities	1,157	-	-	-	-	1,157
Basic Need - Nursery Places	274	300	-	-	-	574
SEN & Inclusion	99	-	-	-	-	99
Total	2,862	300	0	0	0	3,162
Confident						
Transport	7,778	12,505	670	1,613	-	22,566
Saltram Countryside Park	691	356	-	-	-	1,047
Biodiversity Gain & Visual Improvements	128	128	-	-	-	256
Planning	1,819	2,409	-	-	-	4,228
Street Services Transport	11,464	4,114	4,307	2,000	2,000	23,885
Flood Defence	106	-	-	-	-	106
Barbican Public	1	-	-	-	-	1
Homes & Communities	56	-	-	-	-	56
Plymouth Life Centre	47	-	-	-	-	47
Corporate Property	724	-	-	-	-	724
Public Conveniences	412	25	-	-	-	437
Total	23,226	19,537	4,977	3,613	2,000	53,353
Forecast future income streams	21,875	12,413	43,958	25,753	26,386	130,385
GRAND TOTAL	98,855	59,847	63,824	30,584	28,861	281,971