

## PLYMOUTH CITY COUNCIL

**Subject:** Budget 2018/19  
**Committee:** Cabinet  
**Date:** 13 February 2018  
**Cabinet Member:** Cllr Darcy  
**CMT Member:** Andrew Hardingham (Interim Joint Strategic Director for Transformation and Change)  
**Author:** Paul Looby (Head of Financial Planning and Reporting)  
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**Ref:**  
**Key Decision:** Yes  
**Part:** I

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### **Purpose of the report:**

Under the Council's Constitution, Cabinet is required to recommend the 2018/19 Budget to Council.

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### **The Corporate Plan 2016/19:**

The 2018/19 Budget sets out the resources available to deliver the Corporate Plan.

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

The resource implications are set out in the body of the report.

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

The 2018/19 Draft Budget provides the maximum resources achievable to address key policy areas.

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### **Equality and Diversity:**

A full equalities impact assessment has been submitted with this Budget paper.

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

It is recommended that:

1. Cabinet recommends the 2018/19 Budget to Council;
2. Cabinet recommends the 2018/19 Flexible Use of Capital Receipts Strategy to Council;

3. Cabinet recommends the Capital Budget of £674.640m to Council.

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**Alternative options considered and rejected:**

There are no alternative options.

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**Published work / information:**

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

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**Sign off:**

Fin	djn1718.188	Leg	t/29843/010218	Mon Off	It/dvs/29843	HR		Assets		IT		Strat Proc	
Originating SMT Member Andrew Hardingham													
Has the Cabinet Member(s) agreed the content of the report?													

## Section A - Revenue budget

### I. National Context

- I.1 The ongoing impact of the Government's Austerity measures have been widely reported and documented since the 2010 Spending Review. Despite the introduction of the Adult Social Care Precept and greater flexibility to use capital receipts to fund revenue expenditure, these measures have not provided sufficient revenue resources to mitigate against the large reductions in local government funding and increased demands across all council services.
- I.2 The introduction of 50% business rates retention in 2013 was a fundamental change to how councils receive their funding. Further changes are expected with the Government announcing in the Provisional Local Government Finance Settlement in December 2018, the introduction of 75% business rates retention from 2020/21.
- I.3 As part of the move to 100% business rates retention, the Government invited all local authorities to bid to become a pilot. On behalf of the Devon business rates pool, Plymouth submitted a pilot application and was successful and will be one of 10 pilots nationally who will pilot 100% business rates retention in 2018/19. The pilot is initially for one year. This will mean for 2018/19 the main funding sources for Plymouth are business rates and council tax. Assuming the pilot is for one year, Plymouth will revert back to the existing funding arrangements and receive revenue support grant from 2019/20.
- I.4 The Council has assumed an additional pool gain of £1.0m in 2018/19 as a result of the 100% business rates pilot. The gain has been included in the Revenue Resources Available. The gain is dependent on overall growth of the pool. The pilot application included a number of benefits that Devon authorities would invest the gain in, including economic development and social care. Devon has a number of initiatives in place such as Heart of the south West LEP to promote economic development across the county.
- I.5 As a pilot the Government have confirmed there will be a no detriment clause whereby all authorities within a pilot cannot be worse off than if they had remained under the current funding regime. For the purposes of this report, the overall funding as announced as part of the Provisional Local Finance Settlement on 19 December 2017 is shown in this report due to the impact on overall council resources in future years.
- I.6 Since 2013, the Government has not significantly changed the formula to calculate Plymouth's spending need. The Government has announced that it will implement the Fair Funding Review by 2020. This is an important exercise and will focus specifically on potential approaches to measure the relative needs of local authorities e.g.:
  - Presents the idea of using a simple foundation formula to measure the relative needs of local authorities, based on a small number of common cost drivers;
  - Consider a number of service areas where in addition, a more sophisticated approach to measuring relative needs may potentially be required;
  - Outlines the statistical techniques that could be used to construct relative needs.
- I.7 Plymouth has stressed the unfairness of calculating spending need on past expenditure. Plymouth has argued that spending need should be identified by direct measures for services.

Plymouth has also argued that the long term funding of adult social care must be addressed. If implemented these approaches would radically improve Plymouth's funding position.

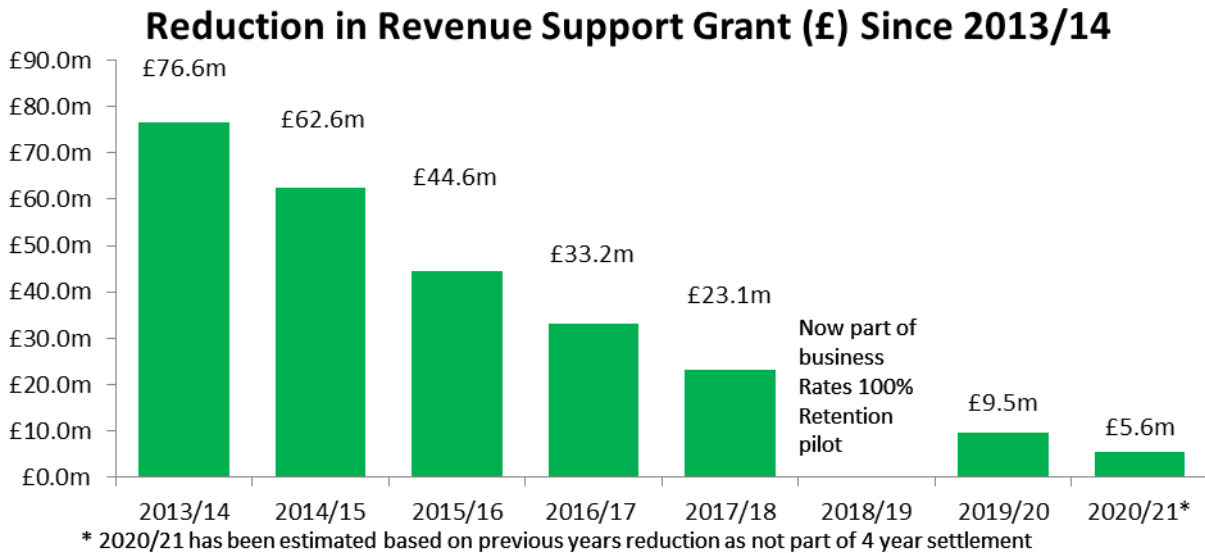
- I.8 In 2018/19, Government has assessed Plymouth's core spending power will be £193.2m. Core spending power is the Government's assumption of the total resources available to local government. It includes assumptions for the maximum amount of income that can be raised from council tax including assumptions for growth in the taxbase and other income sources such as New Homes Bonus and the Better Care Fund.
- I.9 As part of the core spending power, the Government has already assumed that Plymouth will generate an additional £7.5m in council tax which includes an assumed 3% Adult Social Care Precept.
- I.10 Core Spending Power, in relation to Business Rates, includes an assumed Settlement Funding Assessment as set out in the table below. For Plymouth the 2018/19 settlement is based on the 100% business rates pilot. As a result of retaining 99% of the business rates in 2018/19 (1% goes to Devon and Somerset Fire authority) the Council will pay a tariff of £11.9m.

<b>Key Information for Local Authorities (£m)</b>				
<b>Plymouth</b>				
	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Settlement Funding Assessment	86.60	77.54	72.44	66.89
of which:				
Revenue Support Grant	33.21	23.06	0.00	9.53
Baseline Funding Level	53.39	54.48	72.44	57.36
Tariff/Top-Up	9.24	13.77	-11.88	14.63
Tariff/Top-Up adjustment				0.00
Safety Net Threshold	49.38	50.39	70.26	53.06
Levy Rate (p in £)	0.00	0.00	0.00	0.00

- I.11 2018/19 is the third year of the 4-year local government finance settlement that began in 2016/17. The 4-year settlement offers more certainty for the MTFS period, albeit guaranteeing reduced financial support.
- I.12 There are also a number of specific grants that are already included in Directorate budgets. Grant reductions have to be borne by those directorates. These reductions are over and above the loss of overall resources. Examples are given below:
- In 2018/19 the Government subsidy for the cost of administering housing benefit has fallen by £0.129m;
  - The Public Health grant has fallen by £0.405m to £15.330m.
- I.13 The context for 2018/19 budget decisions is therefore:
- Continued reduction in resources;
  - Loss and reduction of specific grants;

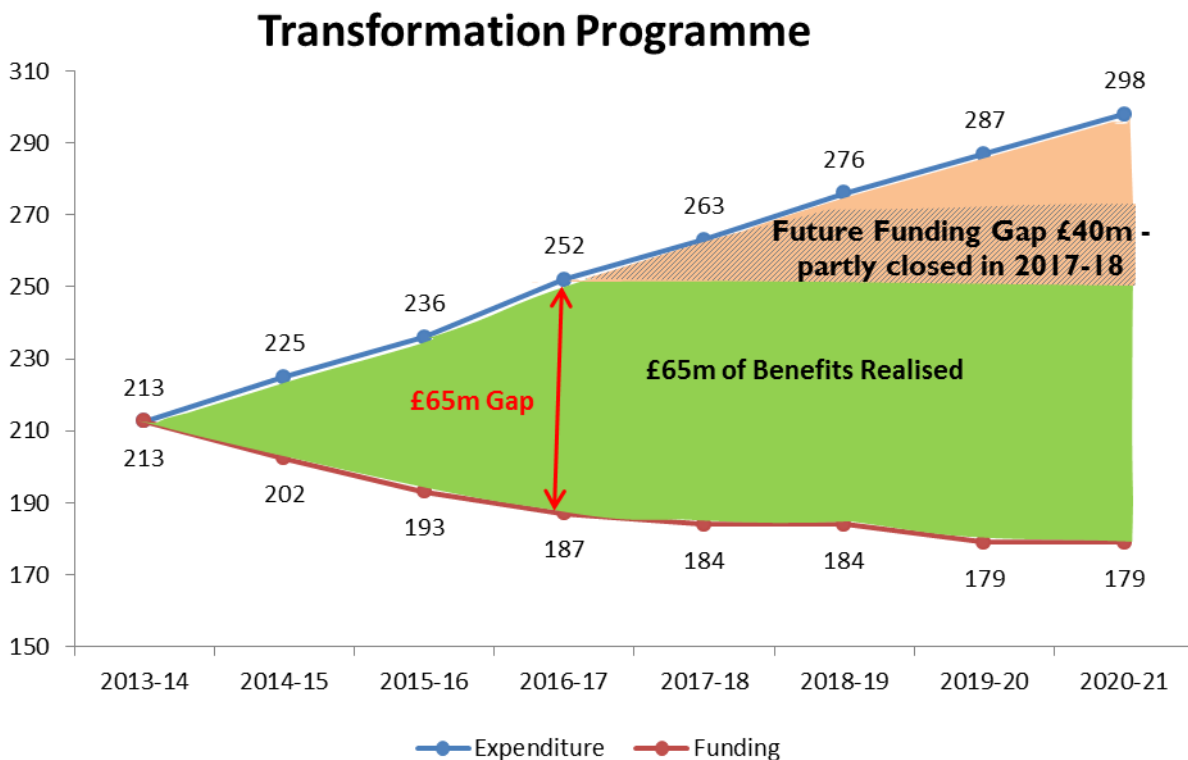
- It is already assumed councils will generate much higher income local through council tax, precepts and business rates.

1.14 The chart below shows how Plymouth's Revenue Support grant has fallen since 2013/14.



## 2. Budget Decisions

2.1 The Medium Term Financial Strategy was recommended by Cabinet on 31 October 2017 and subsequently approved by Council on 20 November 2017. The Strategy addressed the funding gap for the following three financial years. It builds on the significant benefits achieved over recent financial years. This is the budget gap before the efficiency savings in this report.



- 2.2 The budget gap reported to Council in November 2017 was £4.766m. Cabinet received an updated report on the budget at its meeting on 16 January 2018. This report set out a number of changes to forecast funding and expenditure for 2018/19.
- 2.3 The revised budget gap reported to Cabinet on 16 January 2018 decreased to £2.640m. This updated position reflected new savings and efficiencies identified at this time, new and emerging pressures, the latest information arising from the Chancellor's Autumn Statement and the impact of the Provisional Local Government Finance Settlement. The overall budget position is set out in the table below.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
	<b>BUDGET</b>	<b>FORECAST</b>		
<b>REVENUE RESOURCES AVAILABLE</b>	<b>183.883</b>	<b>184.069</b>	<b>178.738</b>	<b>179.422</b>
Baseline spend requirement	186.702	183.883	184.069	178.738
One off savings brought forward	4.876			
Plus identified additional costs	10.536	13.207	11.216	11.118
<b>Overall spend requirement</b>	<b>202.114</b>	<b>197.090</b>	<b>195.285</b>	<b>189.856</b>
<b>In-year shortfall to be found</b>	<b>18.231</b>	<b>13.021</b>	<b>16.547</b>	<b>10.434</b>
<b>Cumulative shortfall</b>	<b>18.231</b>	<b>31.252</b>	<b>47.799</b>	<b>58.233</b>
<b>Savings</b>	<b>18.231</b>	<b>10.381</b>	<b>7.490</b>	<b>-0.596</b>
<b>REVISED SPENDING FOR YEAR</b>	<b>183.883</b>	<b>186.709</b>	<b>187.795</b>	<b>190.452</b>
<b>Budget Gap as at 16 January 2018</b>	<b>0.000</b>	<b>2.640</b>	<b>9.057</b>	<b>11.030</b>

- 2.4 The proposed budget by Directorate is shown in appendix A.
- 2.5 The table below sets out the increased costs that have had to be included in the budget for 2018/19.

Directorate	Increased costs	2018/19	Total by Directorate
		£m	£m
People	Adult social care – Care Packages and volume	2.813	9.617
	Children’s social care – cost and volume	3.200	
	National Living Wage in adult social care contracts	2.054	
	Homelessness	0.250	
	Education Services Grant – Legacy Costs	1.300	
Place	Plymouth Plan (one-off)	(0.210)	(0.510)
	Major investments	(0.550)	
	Street Services Operations	0.250	
Transformation & Change	Housing Benefit Subsidy	0.250	0.650
	ICT re-provisioning	0.300	
	Elections	0.100	
Corporate Items	Salary and pension inflation	1.800	3.450
	Pension actuarial review	0.900	
	EVRS/Redundancy	0.500	
	Revenue costs arising from capital investment decisions	0.250	
	<b>Total</b>	<b>13.207</b>	<b>13.207</b>

- 2.6 The impact of pressures within Social Care continues to have a significant impact upon the Council’s resources. Nationally and locally the costs of providing health and wellbeing services are rising as demand increases. Plymouth has an ageing population with more complex needs and higher levels of young children requiring our services.
- 2.7 Increased Social Care costs amount to £4.867m in 2018/19, with further increases built into future year’s budgets. The National Living Wage was increased to £7.85 per hour from April 2018. This increasing cost is shown separately in our additional costs analysis but in reality is a key driver in the increasing costs of providing our adult social care packages and services.
- 2.8 Within Children’s Services cost and volume analysis is refreshed on a quarterly basis. The latest trend suggest a levelling out in the trend of the number of children coming into care but an increase in the cost of the care packages and placements. The numbers reflected for 2019/20 and 2020/21 are based on trend analysis at this stage and will be refined and updated going forward.
- 2.9 The 2018/19 3% ASC Precept already assumed in the MTFs will generate £3.037m additional funding for 2018/19. This represents 62% of the predicted increased cost of demographic pressures - £2.813m and the further impact of the increase in the National Living Wage on our adult care packages of £2.054m totaling £4.867m.
- 2.10 Other additional pressures include an increased provision for the pay award and increased provision within Community Connections to reflect increased demand within the homelessness budget.
- 2.11 A 1% provision for the pay award was included within the Council’s MTFs. At the time this was based on the assumption the public sector cap on salary increases would continue into 2018/19. Subsequently there has been a considerable amount of media attention on public

sector pay and the Government removed the pay cap. At the time of writing this report two of three main trade unions have rejected the 2% offer. Following consultation with their members a final decision as to whether the pay award will be accepted will be announced in the middle of March 2018.

- 2.12 The table below lists the savings that have now been identified for the next three financial years. Further details are provided in Appendix B. These reflect the difficult service decisions that have had to be made given the Council's reducing available funding. The £10.381m to be delivered in 2018/19 represents 5.6% of the Council's net budget.

<b>Savings (£m)</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
New Homes Bonus	-1.659	-0.204	-0.921
Better Care Fund Gain	4.579	4.111	
Adult Social Care Support Grant (one off)	-1.300		
<b>Public Health Directorate</b>			
Efficiency Savings	0.075	0.099	0.050
Vacancy Management Target	0.038		
<b>Chief Executive Office</b>			
Efficiency savings	0.035	0.022	
Vacancy Management Target	0.045		
<b>Place Directorate including GAME 2</b>			
Real time passenger information	0.150	-0.150	
Commercial Events	0.150	0.050	
Energy-Related Initiatives: Low Carbon Team Additional Inome	0.023		
Energy-Related Initiatives: Additional Capitalisation of Low Carbon Team Posts	0.053	-0.053	
Additional Efficiencies	0.198	0.126	
Asset Investment Fund	0.650		
Fleet Modernisation budget rebased	-0.600		
Fees & Charges in accordance with Policy	0.003	0.003	
Vacancy Management Target	0.505		
<b>People - One System One Aim</b>			
Integrated delivery & Commissioning	2.105	1.650	
Community Connections	0.050		
Children, Young People, and Families	1.263	0.750	
Education, Participation, Skills	0.421	0.250	
People directorate review	0.200	0.250	
Efficiencies People Directorate		0.756	
Vacancy Management Target	0.596		
<b>Transformation &amp; Change</b>			
Transformation Review	0.500		
Systems Review - Community Facilities	0.033		
Further Transformation Savings	0.294	0.187	
Service Centre	0.500		
Smart working	0.043	0.234	
Revision to office cleaning arrangements	0.100		
Anti-Fraud Partnership with Devon Audit Partnership	0.050	0.025	0.025
Review of Coroners arrangements	0.040		
Human Resources & Organisational Development	0.050		
Treasury Management/MRP/LOBO	0.500	1.000	
Treasury Management Savings	-0.114	-0.118	
Increase in Investment Diversification	0.400	0.200	
Fees & Charges in accordance with Policy	0.002	0.002	



<b>Savings (£m)</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Fees & Charges in accordance with Policy - Court Costs	-0.311		
Vacancy Management Target	0.486		
<b>Corporate Items</b>			
Fees & Charges in accordance with Policy - Additional Income	0.250	0.250	0.250
Revised staff travel target	-0.344		
Revised Procurement contract savings target	-0.678		
Revised customer services programme target	-0.400		
Reduction in Working balances	0.050	0.050	
Flexible use of capital receipts	-1.500	-2.000	
Use of S106 contributions	2.850		
<b>Total Savings</b>	<b>10.381</b>	<b>7.490</b>	<b>-0.596</b>

### 3. Options to close the Budget Gap

- 3.1 Cabinet Portfolio holders and Officers have been considering further options to close the £2.640m budget gap in 2018/19. The budget gap can be further reduced following a review of the structure of the Transformation Service.

#### **Our Transformation Evolution**

- 3.2 In April 2018 we move into the fifth year of our successful transformation journey that has delivered over £65m of budget savings and a further £15m in 2017/18 giving a total of £80m of efficiencies for Plymouth City Council in the last four years.
- 3.3 In addition to savings, the transformation work has driven innovation and improvement across both the Council and the city. There has been a significant increase in the city's economic growth. Ground breaking integration between the Council and health partners has achieved a step change in the city's health and wellbeing services.
- 3.4 Modernisation of Council services has created a number of profitable arms-length companies to support the Council and partners in the city such as Delt and CaterEd, introduced new technology to provide staff with more efficient ways of working and delivered a fit for purpose library service.
- 3.5 We are now moving into the next stage of our journey, which allows us to respond to drivers for change including:
- Delivery of the Plymouth Plan and Corporate Plan (JLP);
  - Promoting democratic engagement and the role of Councillors;
  - Meeting our financial challenges and transforming the way we work;
  - An ambitious economic growth agenda;
  - Performing at our best – strong and effective service performance;
  - Changing expectations from residents – citizen focus and customer experience;
  - Integration with partners and the Plymouth family;

- New contract to manage Children's Services in Torbay;
  - Strategic Transformation Plan (STP) and development of Local Delivery Partnership for the Western System;
  - Changes in Education Services;
  - Sharing back office services;
  - Direct delivery of services.
- Responding to our regional and sub-regional agenda.

3.6 We will continue to focus on three roles in delivering the vision for the city:

1. Community leadership, advocating for the city;
2. Facilitating partnerships at all levels and connecting communities;
3. Commissioning services and delivering them through the most appropriate means.

3.7 We will ensure that the basic fundamentals such as an excellent performance management are in place, working well and adding value. We will use data and insight to drive decision-making and work closely with our communities to develop innovative models for how services are delivered.

3.8 We will be placing the customer and citizen at the heart of how we deliver services and focusing on better outcomes for them.

3.9 Many of the staff currently working on transformation programmes will transfer from a centralised service within the Transformation and Change Directorate to the People and Place directorates from March 2018 based on the major programmes of change. The responsibility to deliver the savings of £1.080m from the new organisational arrangements will lie with the Strategic and Service Directors.

3.10 Retained within the Transformation and Change Directorate will be a small flexible resource to respond quickly to critical service improvement needs, as prioritised by the Corporate Management Team.

3.11 A small core hub of three posts will be retained to ensure we keep corporate oversight of the performance, costs, benefits and resource plans for our transformation programmes, along with maintaining essential expertise in managing a portfolio of programmes, business models and IT client management.

3.12 By agreeing to the proposed change for Transformation the budget gap is reduced to £1.560m.

## Other Options

- 3.13 A planned reduction in the working balance has already been assumed. Use of balances in any year is a one-off saving and increases the savings tariff in the next financial year. As part of the annual review of the budget all reserves and provisions have been reviewed to assess if any one off resources are available in 2018/19.
- 3.14 The Council can review its reserves and provisions to establish if any can be credited to the General Fund. A saving of this nature is a one off and could leave the Council exposed to risk, depending on the nature of the provision used.
- 3.15 There is always the option to undertake further reviews within Directorates to ascertain if further efficiencies or reduction can be delivered. This needs to be considered in the context of savings already identified. All Directorates are expected to spend within their approved budget in 2017/18 and are managing a range of new and legacy pressures due to increased demand and increased costs. New plans need to be developed to deliver the further efficiencies required after 2019/20 and beyond and therefore it is not recommended new efficiencies and savings are developed at this stage.
- 3.16 As part of the Provisional Local Government Finance Settlement the Government announced the referendum limit for a council tax increase will be increased by 1% compared to the current year to 2.99%. Based upon the approved council base, each additional 1% of Council Tax will generate £1.012m of additional resources.
- 3.17 The 2018/19 Provisional Local Government Finance Settlement, and the Council's MTFS assume a 3% Adult Social Care Precept increase. The 3% increase has already been built in into the council's resource assumptions and will be ring-fenced for Adult Social Care expenditure.

#### 4. Flexible use of capital receipts policy

- 4.1 For 2018/19 £2.000m of capital receipts will be used for transformation projects. The projects for 2018/19 are set out in the table below with the anticipated savings.

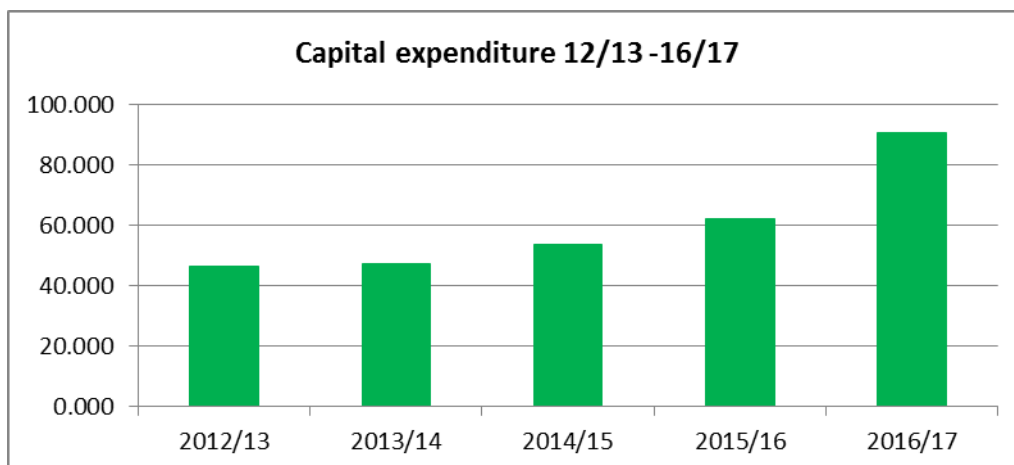
		2018/19 £m	2018/19 £m	2019/20 £m	2020/21 £m
		Cost of project	Will assist in achievement of savings:		
I	Transformation team (part of £2.600m total revenue cost)	0.600	1.996	0.446	0.025
	The project cost is part of the 2018/19 revenue budget for the Transformation Team. These savings will assist in achieving the MTFS planned savings across the Council as a whole.				
<b>Impact on prudential indicators</b>					
	Financing costs of capital programme		0.000	0.000	0.000
	Affordability		0.000	0.000	0.000
	Planned capital expenditure		0.600	0.000	0.000
	Planned use of receipts		-0.600	0.000	0.000
	Borrowing requirement		0.000	0.000	0.000
	Integrated Commissioning Team (part)	1.400	4.039	3.656	0.000
	The project cost is part of the 2018/19 revenue budget for the Integrated Commissioning Team. The savings the project will assist in achieving are the MTFS planned One System One Aim savings				
<b>Impact on prudential indicators</b>					
	Financing costs of capital programme		0.000	0.000	0.000
	Affordability		0.000	0.000	0.000
	Planned capital expenditure		1.400	0.000	0.000
	Planned use of receipts		-1.400	0.000	0.000
	Borrowing requirement		0.000	0.000	0.000

## Section B - Capital budget

### 5. Capital

- 5.1 The Plymouth Plan remains the principal driver for the Council's capital programme. It contains the most ambitious set of proposals this City has ever seen. Primarily through its planning vehicle, the Plymouth and South West Devon Joint Local Plan, there are proposals to build 26,700 new homes across the area, create 13,200 new jobs, and to undertake an unprecedented major investment programme in modernising infrastructure including transport, schools and green spaces.
- 5.2 This investment will enable Plymouth to become the key economic driver for the far South West; will prepare the Council to show the world how to celebrate for Mayflower 2020; and will ensure that communities and businesses have the facilities they need to continue to thrive and prosper. The investment will enable growth within the economy as well as a significant level of new housebuilding and will therefore assist in generating additional business rates, Council Tax, New Homes Bonus and Community Infrastructure Levy.
- 5.3 The Council continues to take a strategic approach to the capital programme, having established 15 strategic outcomes within which individual projects sit. Increasingly the programme will need to be aligned with the strategic outcomes set out in the Plymouth Plan and Plymouth and South West Devon Joint Local Plan as well as the investment and business planning programmes of other organisations to maximise delivery on the ground.
- 5.4 The Council's Capital Programme consists of the approved capital projects the Council intends to deliver over a five year period. In recent years the Programme has been running at an average of £60m per year, although it has shown a rising trend. The scale of the last 5 years annual programmes is shown in the graph below.

### Recent annual Capital Programmes



5.5 During this current year (2017/18) the following projects are due to complete:

- Major refurbishment of the City Market (£3m);
- Derriford Transport Scheme, due for completion by March 2018 (£16m);
- Further improvements to the condition of our highways and footpaths;
- Property investments as part of the Asset Investment Fund (£28m);
- Expansion of Pennycross Primary School (£3m);
- First phase of outdoor play area improvements;
- Purchase of new grass cutting equipment (£0.5m);
- Further acquisitions to secure the regeneration of Colin Campbell Court;
- Foreshore repairs (£1m);
- Oceansgate Phase One.

5.6 The capital programme covers the five years from 2017 to 2022. It consists of £222.402m of projects. The current year's programme (2017/18) is expected to total £106.255m. Future years are also expected to exceed the recent average. This is primarily for three reasons: the establishment of the Asset Investment Fund, investment in a series of key economic development projects, and the programme of investment in city infrastructure to support the Plymouth Plan.

5.7 The programme includes the following major projects that have already commenced but are not yet completed, or are due to start:

- The Box;
- Further improvements to the northern corridor, including Morlaix Drive, and Mannamead junction improvements;
- The Eastern Corridor junction improvement scheme and cycle network;
- Pomphlett to The Ride;
- Further Asset Investments;
- Improvements to Charles Cross;
- Forder Valley Link Road;
- Further development at Oceansgate;
- Central Park improvements;
- Playing pitch improvements including Manadon;
- Pomphlett and Yealmpstone Farm school expansions;
- Investment in ICT.

5.8 The breakdown of the current five year Programme across the Directorates is shown below.

## Five year Capital Programme by Directorate

Directorate	Latest Forecast					
	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
People	9.601	5.599	0.225	0.225	0.225	<b>15.875</b>
Place	92.559	74.167	22.349	3.841	2.004	<b>194.920</b>
Transformation & Change	4.095	5.544	0.984	0.984	-	<b>11.607</b>
Public Health	-	-	-	-	-	-
<b>Total</b>	<b>106.255</b>	<b>85.310</b>	<b>23.558</b>	<b>5.050</b>	<b>2.229</b>	<b>222.402</b>

5.9 The breakdown of the five year Programme by outcome is shown below.

## Five year Capital Programme by outcome

Primary Outcome of Project	£m
Securing Growth in the City Centre/Waterfront	12.525
Securing Growth in Derriford and the Northern Corridor	22.014
Securing Growth in the Eastern Corridor	7.278
Delivering More/Better Housing	6.414
Ensuring Essential City Infrastructure	28.210
Improving Neighbourhoods and Community Infrastructure	11.386
Ensuring Good Quality School Places	7.345
Growing the Economy	4.754
Delivering the Railway Station Office Quarter	-
Delivering Oceansgate	15.629
Connecting the City	0.118
Celebrating Mayflower	4.416
Delivering The Box	29.733
Transforming Services	19.484
Asset Investment Fund	53.096
<b>Total</b>	<b>222.402</b>

5.10 In February 2017, the City Council approved a significant level of investment in some key priority projects. Much of this is to be funded by borrowing, acknowledging that the benefits of these investments would be seen over many years. So far, £64m of the allocated amount has been drawn down enabling the following priority projects to be approved and included in the capital programme:

- £3.3m investment in the Mayflower 2020 programme;
- £37.7m as part of the asset investment fund;
- £4.6m to fund the first phases of improvements to Central Park;
- £2.6m investment in the city's schools, principally to enable expansion at Yealmpstone Farm;
- £2.7m to fund advanced preparation for the Woolwell to the George improvement scheme;
- £6.9m for highway maintenance;
- £0.5m for the improvement of play facilities across the city;
- £0.7m to improve the toilets on the Hoe and Foreshore;
- £7m to fund improvements and redevelopments at the Central Railway Station.

5.11 Delivering the new homes that local people need remains central to achieving a successful future for the city and the wider housing market area. £80m was set aside for the Plan for Homes originally launched in November 2013 and refreshed in 2016. To date this has delivered a total of 2,980 homes, with a further 1,424 under construction. The Plan for Homes has enabled the release of 33 Council-owned sites and over 55 hectares of mainly brownfield land that is delivering 1,680 homes of which 51% are affordable.

5.12 However, the scale of the housing crisis is such that there is a need to take the delivery of housing onto another level, potentially in partnership with others. Accordingly, future investment for 2017-2022 makes provision for an ambitious long-term programme of accelerated housing delivery and investment called "Homes for Plymouth".

5.13 Funding for the capital programme comes from a variety of sources with the highest proportion from service borrowing (34%). This is an effective strategy to fund capital investment as the borrowing repayments are covered by income or savings being made within the Service Department.

5.14 The Council will continue to fund a number of priority projects from Corporate Borrowing (30%). This is largely for projects that are considered to be overall strategic priorities (such as those agreed at Council in February 2017 and updated by this report) and where the borrowing repayments are covered by making revenue provision in the annual budget. The revenue implications of the current programme and the agreed priorities have been addressed in developing the 2018/19 to 2020/21 Medium Term Financial Strategy.

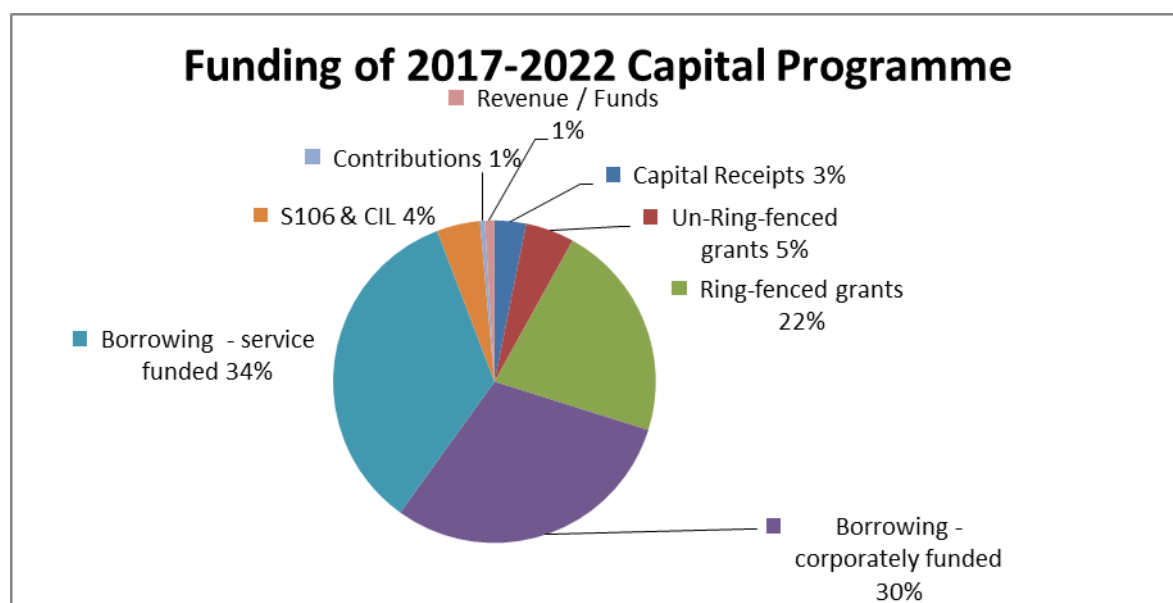


5.15 The council will endeavour to ensure a significant proportion of the funding for the Programme comes from external sources – grants from other organisations and Government departments and agencies (27%). Capital receipts make up about 3% of the programme with S106 contributions and CIL constituting about 4%. Every effort is being made to secure funding from grant programmes and other external sources.

Some of the grant awarded in 2017/18:

• NPIF - Morlaix Drive	£ 3.314m
• NPIF - Forder Valley Interchange	£ 5.000m
• LEP Funding - Charles Cross	£ 2.100m
• LEP Funding - FVLR	£22.558m
• Highways England Growth & Housing Fund - FVLR	£ 4.470m
• LEP Funding - Plymouth Central Station	£ 5.000m
• Manadon Play Pitches	
- Sport England	£ 0.315m
- Football Foundation	£ 0.421m
- England & Wales Cricket Board	£ 0.135m

### Funding of the Capital Programme



## 6. Changes to the Prudential Code

6.1 CIPFA has made changes to the Prudential Code that will require the Council to produce a Capital Strategy covering capital expenditure and financing, treasury management and non-treasury investments.

6.2 DCLG has issued separate “Guidance on Local Authority Investments” that requires certain items to be included in the Capital Strategy.

6.3 The main reason for these changes is to incorporate the decision of many Local Authorities to invest in commercial assets to generate additional revenue income.

## 7. Finance Capital Budget 2017/18-2021/22

7.1 The latest forecast for the Capital Budget 2017-2022 is £674.640m.

### Capital Budget 2017-2022

Capital Budget for 2017-2022		£m
Capital Programme Approved by CCIB		222.404
Income Assumptions		250.292
Priority List (Outstanding Allocations)		201.944
<b>Total</b>		<b>674.640</b>

## 8. Income Assumptions

8.1 The current forecast for the five year programme 2017-2022 is £250.292m.

8.2 External funding currently contributes approximately towards 67% of resources within the capital resource envelope; this is included within the income assumptions and included both ring-fenced and un-ringfenced grants, S106 and contributions.

8.3 Bidding for further external funding is strongly encouraged during the preparation of business cases for new projects.

## 9. Priority List

9.1 The current forecast for the five year programme 2017-2022 is £201.944m and this has not been allocated to the capital programme.

9.2 The table below shows the capital projects that are priorities for delivery over the next 5 years (2017-22) approved at Full Council in February 2017.

Priority Projects	Total cost	PCC ask	Corporate Borrowing – so far drawn down into Capital Programme
Woolwell to The George widening	£15.7m	£15.7m	Property purchases in North of Plymouth £2.313m
Northern and Eastern corridor transport schemes	£43.6m	£24.6m	-
Forder Valley Link Road	£3.9m	£3.9m	-
Schools	£26.0m	£5.0m	Yealmpstone Farm £2.346m Early years £0.250m
Derriford Park	£12.0m	£6.0m	-
City Centre Public Realm improvements	£49.0m	£27.0m	Development funding £0.526m Market Way £0.215m Bretonside leisure £0.923m
Cruise Terminal	£8.0m	£5.0m	-
Mayflower 2020 celebration	£10.0m	£5.0m	£3.335m
Plymouth Central Station	£40.0m	£5.0m	-
Oceansgate	£4.0m	£4.0m	-
Millbay Boulevard	£10.0m	£3.0m	-

<b>To deliver the Plymouth Plan</b>	<b>222.2</b>	<b>104.2</b>	<b>£9.908m</b>
Investment in new land and property assets	£100.0m	£100.0m	4 investments £37.657m
<b>To generate income</b>	<b>£100.0m</b>	<b>£100.0m</b>	<b>£37.657m</b>
Maintaining the highway network	£50.0m	£20.0m	H.way capital mtce £4.191m A386 Resurfacing £2.753m
Maintenance of other city assets	£15.0m	£15.0m	Weston Mill recycling £0.204m Chels. Meadow leachate £0.259m Schools maintenance £0.158m Improving outdoor play £0.500m Foreshore Repairs £0.086m Barbican Footbridge £0.060m
Central Park masterplan	£9.0m	£6.0m	£4.6m
<b>To maintain city assets</b>	<b>£74.0m</b>	<b>£41.0m</b>	<b>£12.811m</b>
Extra care facilities	£4.0m	£4.0m	-
IT infrastructure	£11.0m	£11.0m	£3.846m
Bereavement service improvements	£6.0m	£6.0m	-
<b>To transform service delivery</b>	<b>£21.0m</b>	<b>£21.0m</b>	<b>£3.846m</b>
<b>Total</b>	<b>£417.2m</b>	<b>£266.2m</b>	<b>£64.222m</b>

Draft Budget by Directorate Service

Plymouth City Council General Fund Budget 2018/19

Directorate	Department	Division	Budget 2017/18			Budget 2018/19			
			Expenditure	Income	Net Budget	Cost Increases	Savings	Other Savings	Net Budget
Corporate Finance	Other Corporate Items	Other Corporate Items	10.380	(10.529)	(0.149)	0.850	0.000	(0.228)	0.473
		Corporate Items Budget Savings	(1.881)	(0.041)	(1.923)	0.000	0.000	0.000	(1.923)
	<b>Total Corporate Finance</b>	<b>Total Corporate Finance</b>	<b>8.499</b>	<b>(10.571)</b>	<b>(2.071)</b>	<b>0.850</b>	<b>0.000</b>	<b>(0.228)</b>	<b>(1.449)</b>
Executive Office	Chief Executives Office	Performance & Intelligence	0.407	0.000	0.407	0.007	(0.008)	0.000	0.407
		Communications and Engagement	0.554	(0.059)	0.495	0.009	(0.010)	0.000	0.494
		Civic Events	0.170	(0.014)	0.156	0.002	(0.002)	0.000	0.156
		Oversight and Governance	0.500	0.000	0.500	0.009	(0.045)	0.000	0.464
		Members	1.300	0.000	1.300	0.000	0.000	0.000	1.300
	Business Support	Departmental Support	0.825	(0.053)	0.772	0.013	(0.015)	0.000	0.770
	<b>Total Executive Office</b>	<b>Total Executive Office</b>	<b>3.755</b>	<b>(0.127)</b>	<b>3.629</b>	<b>0.041</b>	<b>(0.080)</b>	<b>0.000</b>	<b>3.590</b>
People	Children,Young People,Families	QA Safeguarding and Bus Suppt	3.677	(0.027)	3.650	0.047	(0.049)	0.000	3.649
		Permanency	8.835	(0.110)	8.725	0.038	(0.040)	0.000	8.724
		CAMHS Specialist Services	0.642	(0.033)	0.609	0.001	(0.001)	0.000	0.609
		Childrens Social Work	4.462	0.000	4.462	0.049	(0.050)	0.000	4.461
		Plymouth Referral and Assmnt	2.951	(0.484)	2.467	0.049	(0.051)	0.000	2.465
		Adoption	3.323	(0.135)	3.188	0.012	(0.012)	0.000	3.188
		Children in Care	7.806	(1.102)	6.704	3.205	(1.268)	0.000	8.641
		Targeted	5.162	(1.733)	3.429	0.066	(0.068)	0.000	3.427
	Strategic Commissioning & Adult Social Care	Service Delivery	75.562	(20.158)	55.403	4.922	(2.161)	1.300	59.464
		Commissioning	16.378	(5.671)	10.706	0.026	(0.026)	0.000	10.705
		Leisure Management	2.643	(0.096)	2.547	0.001	(0.001)	0.000	2.547
		Management and Transformation	(1.524)	(2.894)	(4.418)	0.003	(0.003)	(4.579)	(8.997)
		Social Care Contract	6.919	0.000	6.919	0.000	0.000	0.000	6.919
		Childrens Commissioning	5.287	(0.373)	4.915	0.004	(0.004)	0.000	4.914
	Education Participation Skills	Schools*	65.425	(65.425)	0.000	0.000	0.000	0.000	0.000
		SEND	24.078	(19.974)	4.103	0.086	(0.089)	0.000	4.101
		School Improvement	2.539	(1.467)	1.072	0.030	(0.031)	0.000	1.071
		School Support	3.387	(4.587)	(1.201)	1.302	(0.002)	0.000	0.099
		External	1.995	(1.995)	0.000	0.000	0.000	0.000	0.000
		Skills and Employability	0.338	(0.060)	0.278	0.004	(0.425)	0.000	(0.143)
		Schools Access Planning	6.361	(1.156)	5.205	0.055	(0.056)	0.000	5.203
		Sports Development	0.307	(0.082)	0.224	0.004	(0.004)	0.000	0.224
	Community connections	Community Access	2.522	(1.222)	1.300	0.266	(0.065)	0.000	1.501
		Community Localities	0.971	(0.282)	0.689	0.014	(0.016)	0.000	0.687
		Community Youth	0.563	(0.040)	0.523	0.008	(0.008)	0.000	0.523
	Management and Support People	Management and Support People	0.214	0.000	0.214	0.003	(0.203)	0.000	0.014
		<b>Total People</b>	<b>Total People</b>	<b>250.820</b>	<b>(129.106)</b>	<b>121.714</b>	<b>10.195</b>	<b>(4.635)</b>	<b>(3.279)</b>

\*This £65m represents the DSG for the local authority maintained schools only; the gross DSG including Academies is £199m

Plymouth City Council General Fund Budget 2018/19

			Budget 2017/18			Budget 2018/19				
Directorate	Department	Division	Expenditure	Income	Net Budget	Cost Increases	Savings	Other Savings	Net Budget	
Place	Economic Development	Management & Support	0.610	(0.390)	0.220	0.006	(0.064)	0.000	0.163	
		Business Parks	0.381	(0.847)	(0.466)	0.005	(0.000)	0.000	(0.461)	
		Mount Edgcombe	0.780	(0.666)	0.113	0.011	(0.009)	0.000	0.115	
		Museum Services	2.559	(1.271)	1.288	0.049	(0.042)	0.000	1.295	
		Land and Property	3.878	(6.918)	(3.040)	0.015	(0.650)	0.000	(3.675)	
		Events & Tourist Information	2.395	(1.826)	0.569	0.013	(0.150)	0.000	0.432	
		Enterprise and employment	0.973	(0.441)	0.532	0.020	0.000	0.000	0.552	
		Theatre and Entertainments	0.415	0.000	0.415	0.000	0.000	0.000	0.415	
		Arts & Cultural Development	0.050	0.000	0.050	0.000	0.000	0.000	0.050	
		Strategic Projects Development	0.798	(0.488)	0.311	0.006	(0.000)	0.000	0.317	
		City Deal	0.336	(0.321)	0.015	0.008	0.000	0.000	0.024	
		Strategic Planning	Strategic Planning & Infrastructure Core Budgets	7.424	(3.012)	4.412	(0.049)	(0.213)	0.000	4.150
	Strategic Planning & Infrastructure Core Budgets Projects		0.295	(0.294)	0.001	0.000	0.000	0.000	0.001	
	Strategic Planning & Infrastructure Core Budgets Transport Revenue		5.704	(0.230)	5.475	0.000	(0.150)	0.000	5.325	
	Street Services	Highways Parking and Marine Sv	8.901	(6.464)	2.436	0.044	(0.038)	0.000	2.443	
		Street Scene & Waste Services	34.380	(18.494)	15.886	0.475	(0.194)	0.000	16.167	
		Fleet & Garage	2.375	(3.889)	(1.515)	0.016	0.586	0.000	(0.912)	
	Management and Support - Place	Management and Support	0.234	0.000	0.234	0.004	(0.202)	0.000	0.037	
		Business Support	0.284	0.000	0.284	0.009	(0.007)	0.000	0.285	
		GAME Transformation	0.000	(5.146)	(5.146)	0.000	0.000	1.659	(3.487)	
	<b>Total Place</b>	<b>Total Place</b>	<b>72.773</b>	<b>(50.698)</b>	<b>22.075</b>	<b>0.634</b>	<b>(1.132)</b>	<b>1.659</b>	<b>23.236</b>	
	Public Health	Public Health	Prescribed Functions	8.033	0.000	8.033	0.000	0.000	0.000	8.033
			Non-Prescribed Functions	7.996	(0.294)	7.702	0.000	0.000	0.000	7.702
Funding Reduction (Allocation TBC)			0.000	0.000	0.000	0.000	0.000	(0.405)	(0.405)	
ODPH Funding Streams			0.000	(15.735)	(15.735)	0.000	0.000	0.405	(15.330)	
Operational and Development		PPS Management	0.099	(0.040)	0.059	0.001	(0.003)	0.000	0.057	
		PPS Technical Support	0.142	0.000	0.142	0.005	(0.002)	0.000	0.145	
Trading Standards		Trading Standards	0.428	(0.017)	0.411	0.013	(0.006)	0.000	0.418	
Environ Health (Food & Safety)		Environmental Health (Food & Safety)	0.432	(0.034)	0.398	0.013	(0.006)	0.000	0.405	
Bereavement Services		Contracts Cemeteries & Crematoriums	0.992	(2.681)	(1.689)	0.017	(0.078)	0.000	(1.750)	
		Cemeteries & Crematoriums Improvements	0.130	(0.130)	0.000	0.001	(0.000)	0.000	0.001	
Licensing		Licensing	0.306	(0.408)	(0.102)	0.010	(0.005)	0.000	(0.097)	
Environmental Protection		Neighbourhood & Enviro Quality	0.573	(0.160)	0.413	0.016	(0.009)	0.000	0.421	
		Environmental Protection & Monitoring	0.000	(0.005)	(0.005)	0.000	0.000	0.000	(0.005)	
Civil Protection Unit		Civil Protection Unit	0.189	(0.026)	0.163	0.005	(0.004)	0.000	0.165	
<b>Total Public Health</b>	<b>Total Public Health</b>	<b>19.322</b>	<b>(19.531)</b>	<b>(0.209)</b>	<b>0.080</b>	<b>(0.113)</b>	<b>0.000</b>	<b>(0.242)</b>		

Plymouth City Council General Fund Budget 2018/19

Directorate	Department	Division	Budget 2017/18			Budget 2018/19			
			Expenditure	Income	Net Budget	Cost Increases	Savings	Other Savings	Net Budget
Transformation & Change	Finance	Assistant Director for Finance	(0.186)	(0.031)	(0.217)	0.006	(0.310)	0.000	(0.522)
		Head of Integrated Finance	0.748	0.000	0.748	0.017	(0.016)	0.000	0.749
		External Audit	0.158	0.000	0.158	0.000	0.000	0.000	0.158
		Assurance Services	0.912	(0.305)	0.607	0.018	(0.017)	0.000	0.607
		Procurement	0.475	(0.049)	0.426	0.010	(0.010)	0.000	0.426
		Financial Planning and Reporting	1.198	(0.233)	0.964	0.025	(0.024)	0.000	0.965
		Internal Audit	0.335	(0.024)	0.311	0.000	(0.050)	0.000	0.261
		Soft Facilities Management	3.605	(1.142)	2.463	0.060	(0.157)	0.000	2.365
		Hard Facilities Management	9.563	(1.029)	8.534	0.015	(0.015)	0.000	8.534
		Commercialisation	0.209	0.000	0.209	0.004	(0.004)	0.000	0.209
		Treasury Management	9.016	(1.969)	7.047	0.250	(0.786)	0.000	6.511
		Legal	Legal	2.274	(0.879)	1.395	0.043	(0.041)	0.000
	Coroner		0.679	(0.053)	0.626	0.004	(0.004)	0.000	0.626
	Customer Services	Customer Services	4.279	(3.425)	0.854	0.073	0.241	0.000	1.168
		Library Service	2.410	(0.524)	1.887	0.044	(0.076)	0.000	1.854
		Revenues & Benefits	105.511	(106.201)	(0.690)	0.250	0.000	0.000	(0.440)
		Service Centre	3.200	(0.976)	2.223	0.069	(0.566)	0.000	1.726
	Human Resources (HR) & Organisational Development (OD)	Registration Service	0.651	(0.504)	0.147	0.014	(0.013)	0.000	0.148
		OD & Talent	0.771	(0.035)	0.737	0.013	(0.062)	0.000	0.687
		HR & OD Management	0.222	0.000	0.222	0.003	(0.002)	0.000	0.222
		HR Specialist Services	0.698	(0.007)	0.691	0.014	(0.014)	0.000	0.692
	Departmental Management	Health, Safety & Wellbeing	0.360	(0.016)	0.344	0.007	(0.007)	0.000	0.344
		Director for Corporate Service	(0.304)	0.000	(0.304)	0.003	(0.337)	0.000	(0.638)
		Business Support	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Transformation	Transformation	2.792	(0.445)	2.347	0.058	(0.293)	0.000	2.111
	ICT	ICT	6.898	(0.425)	6.473	0.300	0.000	0.000	6.773
	Electoral Function	Electoral Function	0.547	(0.002)	0.545	0.106	(0.006)	0.000	0.646
	<b>Total Transformation &amp; Change</b>	<b>Total Transformation &amp; Change</b>	<b>157.021</b>	<b>(118.275)</b>	<b>38.746</b>	<b>1.406</b>	<b>(2.573)</b>	<b>0.000</b>	<b>37.579</b>
	<b>Total General Fund</b>	<b>Total General Fund</b>	<b>512.190</b>	<b>(328.306)</b>	<b>183.883</b>	<b>13.207</b>	<b>(8.533)</b>	<b>(1.848)</b>	<b>186.709</b>



## APPENDIX B

### MTFS Delivery Plan

PEOPLE		
Children's Young People & Family Services		
<p><u>Overview of Plans</u> The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from Children, Young People &amp; Family Services.</p> <ul style="list-style-type: none"> <li>▪ Extend the Gateway to deliver an integrated single access offer</li> <li>▪ Focus on Early Intervention &amp; prevention to minimise escalation of need</li> <li>▪ Revise Transitions offer to ensure seamless transfer of support</li> <li>▪ Refine Looked After Children offer including Permanency</li> </ul>		
<p><u>Risk Assessment</u> Overall plans are presently assessed as Amber. Detailed planning is presently underway and projects are being mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating services. In mitigation work is being prioritised to focus on key projects and early conversations with system partners are taking place.</p>		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£1.263	£0.750	
Strategic Commissioning		
<p><u>Overview of Plans</u> The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from Integrated Commissioning and Integrated Delivery.</p> <p><u>Integrated Delivery</u></p> <ul style="list-style-type: none"> <li>▪ Livewell SouthWest Contract Savings</li> <li>▪ Retained Provision Savings through enhanced management action and development of service</li> <li>▪ Package of Care Savings- Integrated Reviews and Assistive Technology savings</li> </ul> <p><u>Integrated Commissioning</u></p> <ul style="list-style-type: none"> <li>▪ Savings from Supported Living Contract</li> <li>▪ Greater Integration with NEW Devon CCG including further joint posts</li> <li>▪ Roll out of Health and Wellbeing Hubs</li> <li>▪ Contract Negotiation</li> </ul>		
<p><u>Risk Assessment</u> Overall plans are presently assessed as Amber. Detailed planning is presently underway and projects are being mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating organisations. In mitigation work is being prioritised to focus on key projects and early conversations with system partners are taking place.</p>		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£2.105	£1.650	
Education, Participation and Skills		
<p><u>Overview of Plans</u> The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from working in partnership with Schools.</p> <ul style="list-style-type: none"> <li>▪ Remodel SEND services</li> <li>▪ Develop new operating model for Education, Participation and Skills to work in partnership with Schools across the City</li> </ul>		
<p><u>Risk Assessment</u> Overall plans are presently assessed as Green. Detailed planning is complete and projects are mobilised. Risks have been identified of sufficient capacity to deliver projects and complexities of integrating offers. In mitigation work is being prioritised to focus on key areas and early conversations and engagement with key system partners have taken place.</p>		

2018/19	2019/20	2020/21
£0.421	£0.250	
<b>Community Connections</b>		
<u>Overview of Plans</u> The Delivery Plan builds on the work of the Integrated Health and Wellbeing Programme and is centred around deriving benefits from working in partnership with Schools.		
<ul style="list-style-type: none"> <li>▪ Increased efficiencies through new ways of working and system upgrades</li> </ul>		
<u>Risk Assessment</u> Overall plans are presently assessed as Green. Detailed planning is complete and projects are mobilised. Risks have been identified of sufficient capacity to deliver projects. In mitigation work is being prioritised to focus on key areas.		
2018/19	2019/20	2020/21
£0.050		
<b>PLACE</b>		
<b>Real Time Passenger Information</b>		
<u>Impact of Proposal</u> Plymouth's Real Time Passenger Information system provides live electronic bus timetable information at 88 displays located at bus stops around the city. The previous contract ended in late 2016 and following a very robust tender process a new system has recently been launched provided by 21st Century Passenger Solutions Limited. The previous contract had relied upon outdated technology which required significantly more infrastructure, whereas the new state of the art system converts GPS location signals direct from the bus ticket machines. The new more efficient system has already delivered an on-going annual saving of £24,000 which was included as part of the 2017/2018 budget setting process. With the roll out of the new display infrastructure, the Public Transport Team in Strategic Planning & Infrastructure have identified that provisional sums set aside to cover projected future maintenance costs are no longer required. Therefore a one off saving of £150,000 can be delivered in 2018/19. Provision has however been made to support the on-going revenue maintenance for the new displays.		
<u>Risk Assessment</u> That the monies set aside for future maintenance costs will be required and not available as one off savings in 18/19.		
2018/19	2019/20	2020/21
£0.150	(£0.150)	
<b>Additional Efficiencies</b>		
<u>Impact of Proposal</u> This is a corporately given target distributed to all Directorates as an additional efficiencies line.		
<u>Risk Assessment</u> Previous year's target has been met with a series of one off savings. The targets for 18/19 and 19/20 are currently without recurring action plans.		
2018/19	2019/20	2020/21
£0.198	£0.126	
<b>Fees &amp; Charges in Accordance with Policy</b>		
<u>Impact of Proposal</u> Increase in fees & charges in line with CPI across the Directorate.		
<u>Risk Assessment</u> That there is an appetite from the public to warrant an increase in all fees & charges.		
2018/19	2019/20	2020/21
£0.03	£0.03	
<b>Asset Investment Fund Step Up</b>		
<u>Impact of Proposal</u> The Asset Investment Fund has an existing MTFs income target of £0.950m for 2018/19. A		

further step up in net projected income of £0.650m to £1.600m for 2018/2019 whilst extremely challenging is potentially deliverable in the event that current pipeline investment opportunities complete and new acquisitions are identified and purchased in the tight timeframe required. Projects enable the use of capital resources to deliver economic and employment growth and regeneration in the city and income generation to the Council (via rental receipts) with potential to also benefit from long term capital appreciation.

**Risk Assessment**

Market conditions are uncertain, so the projected income streams from the Asset Investment Fund are not without risks. Risks include limited supply of potential new investment opportunities and slippage in projects currently under negotiation or development. The impact of 'Brexit' could also cause interim turmoil within the economy and markets, leading to a fall in investment stock and capital values as well as weakening occupational demand, resulting in falling rents and an increased voids and associated property holding costs.

2018/19	2019/20	2020/21
£0.650	£0.00	£0.000

**Commercial Events**

Impact of Proposal

Net nil budgets previously set, upon the expectation that Summer Concert (MTV) costs would equal income, are now revised to a £0.150m profit for 2018/19, rising to £0.2m profit ongoing. A re-procurement exercise is currently underway, which will assist with a thorough cost/income review and re-modelling of the summer concert budgets.

Risk Assessment

Additional costs associated with the increased terror threat as a result of the Manchester bombing and driving lorries into crowds of people. Counter terrorism and civil protection measures required to comply with additional security measures.

2018/19	2019/20	2020/21
£0.150	£0.050	£0.000

**Energy-Related Initiatives – Low Carbon Team Additional Capitalisation (One-Off for 2018/2019)**

Impact of Proposal

As part of the 2017/2018 budget setting process, £25,000 of additional capitalisation was built into the base budgets of the Low Carbon Team, increasing capitalisation from 46% to 60%. Given the success of the team in securing various capital funding from various European and Government dedicated carbon reduction initiatives, one-off additional capitalisation opportunities for 2018/2019 exist. This would increase capitalisation within the Low Carbon Team to around 75%.

Risk Assessment

The risk of further capitalisation increases beyond 2018/2019 due to the lack of certainty regarding future European and Government funding programmes, and is therefore not recommended for 2019/2020 or 2020/2021.

2018/19	2019/20	2020/21
£0.053	(£0.053)	£0.000

**Energy-Related Initiatives – Energy-Related Initiatives - Low Carbon Team Additional Income**

Impact of Proposal

The Low Carbon Team leads on the city's low carbon agenda and is delivering low carbon initiatives worth over £5.2 Million including the Green Deal, the ECO partnership, solar panels on schools and other public buildings, the Healthy Homes initiative, fuel debt advice and driving forward the Plymouth Energy Community suite of projects including district heat networks and social investment opportunities. The team generates substantial grant and external income for projects, with a very strong track record of delivery. As part of the 2017/2018 budget setting process income targets for the team were increased by £58,000. This additional income target for 2018/2019 will result in a 22% increase in Plymouth Energy Community income to the core Low Carbon Team costs. This has already been secured through in-year revisions to the

current Service Level Agreement to ensure the City Council is getting value for money from this activity which supports the low carbon policy commitments made in the Plymouth and South West Devon Joint Local Plan.

Risk Assessment

That the level of income required is not feasible.

2018/19	2019/20	2020/21
£0.023	£0.000	£0.000

**TRANSFORMATION & CHANGE**

**Chief Executive Office**

Impact of Proposal

Agreed as a 10% saving rolling forward on Community Grants but now grants are to be increased and no revised proposal has been submitted but one is being considered.

Risk Assessment

N/A

2018/19	2019/20	2020/21
£0.035	£0.022	£0.000

**Transformation Review**

Impact of Proposal

Reduction in staffing structure but now paused and this target will show as a pressure at start of 2018/19.

Risk Assessment

N/A

2018/19	2019/20	2020/21
£0.500	£0.000	£0.000

**Smart Working**

Impact of Proposal

Discussions are underway to cleanse the budget of this efficiency target for 18/19 and beyond.

Risk Assessment

N/A

2018/19	2019/20	2020/21
£0.043	£0.234	£0.000

**Systems Review – Community Facilities**

Impact of Proposal

Final step up of a delivery plan set in 17/18. So far delivered in full and service area are confident that this last requirement will be met following system investment.

Risk Assessment

N/A

2018/19	2019/20	2020/21
£0.033	£0.000	£0.000

**T&C Further Efficiency Savings**

Impact of Proposal

Operational efficiencies to be delivered across the whole Directorate.

Risk Assessment

N/A

2018/19	2019/20	2020/21
£0.294	£0.187	£0.000

**Service Centre**

Impact of Proposal

To be achieved through the consolidation of the back office function within the Council.

<ul style="list-style-type: none"> <li>▪ Phase 1 – the review will encompass all transaction based processes across all services and seek to generate efficiency savings by consolidating these processes within the Service Centre.</li> <li>▪ Phase 2 – generate further efficiencies via the business case for the transfer of back office services to Delt following Cabinet decision</li> </ul>		
<u>Risk Assessment</u>		
N/A		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£0.500	£0.000	£0.000
<b>Fees and Charges (T&amp;C)</b>		
<u>Impact of Proposal</u>		
As set in the Fees and Charges policy all fees and charges have been increased in line with CPI where applicable.		
<u>Risk Assessment</u>		
N/A		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£0.002	£0.002	£0.000
<b>Treasury Management/MRP/LOBO</b>		
<u>Impact of Proposal</u>		
The Council has taken on more corporate borrowing to pay for capital expenditure in the priority list so this requires an increase in the MRP budget to repay the borrowing. Please see Treasury Management Strategy.		
<u>Risk Assessment</u>		
N/A		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£0.500	£1.000	£0.000
<b>Treasury Management Savings</b>		
<u>Impact of Proposal</u>		
Dependant on market conditions and opportunities to reschedule debt. Please see Treasury Management Strategy		
<u>Risk Assessment</u>		
N/A		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
(£0.114)	(£0.118)	£0.000
<b>Increase in Investment Diversification</b>		
<u>Impact of Proposal</u>		
Pursuing new investments opportunities in line with the Treasury Management Strategy. Please see Treasury Management Strategy.		
<u>Risk Assessment</u>		
N/A		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£0.400	£0.200	£0.000
<b>Section 106</b>		
<u>Impact of Proposal</u>		
In accordance with Section 106 of the Town and Country Planning Act 1990 Plymouth City Council enters into agreements with developers designed to meet the concerns a Local Planning Authority (LPA) may have about mitigating impacts of development for an area. As and when money is received it is held in a ring fenced fund and released for appropriate infrastructure improvements as development proceeds. In essence contributions received under S106 Agreements are treated as revenue income and applied to finance capital expenditure projects in accordance with the relevant agreement.		

It is proposed that the Council discharges its obligations under the terms of the S106 agreements to finance these developments by making use of a loan facility in accordance with the terms of **CIPFA's Prudential Code** for Capital Finance in Local Authorities (2011) (Prudential Code), making an annual provision for the repayment of the debt (MRP) in its revenue account and drawing the cash contribution from the developer into its revenue budget. The obligation referenced in the S106 agreement will have been met but the cash applied in a different way.

#### Risk Assessment

Government introduces legislative changes to Section 106 of the Town and Country Planning Act 19, changes to local government accounting rules and procedures.

S106 agreements don't materialise in the future.

Perceptions regarding the use of S106 not compliant with legal guidance.

Financing changes including interest rate changes.

2018/19	2019/20	2020/21
£2.850		

#### **Flexible use of Capital Receipts**

##### Impact of Proposal

Agreed at Cabinet that during 17/18 PCC would make use of this scheme on the understanding funds would be found reoccurring from elsewhere.

##### Risk Assessment

N/A

2018/19	2019/20	2020/21
(£1.500)	(£2.000)	£0.000

#### **Reduction in Working Balances**

##### Impact of Proposal

Council decision to hold working balances at 5% of net revenue expenditure.

##### Risk Assessment

N/A

2018/19	2019/20	2020/21
£0.050	£0.050	£0.000

#### **Soft FM**

##### Impact of Proposal

To capture savings by reviewing the cleaning arrangements in place, thus reducing the need of temporary staff.

##### Risk Assessment

N/A

2018/19	2019/20	2020/21
£0.100	£0.000	£0.000

#### **Anti-Fraud Partnership**

##### Impact of Proposal

Partnering with Devon Audit Partnership (DAP); which is growing and provides opportunities by transferring the service to enable a more robust commercial approach.

##### Risk Assessment

N/A

2018/19	2019/20	2020/21

£0.050	£0.025	£0.025
<b>Review of Coroners Arrangements</b>		
<u>Impact of Proposal</u> Finalising shared arrangements with Torbay Council savings are anticipated but subject to consultation.		
<u>Risk Assessment</u> N/A		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£0.040	£0.000	£0.000
<b>Reorganisation of HR Leadership</b>		
<u>Impact of Proposal</u> Following other changes made to this service a Senior Management review can be considered. Confidential and subject to consultation.		
<u>Risk Assessment</u> N/A		
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£0.050	£0.000	£0.000