PLYMOUTH CITY COUNCIL

Subject:	Financial Outturn 2017/18 - including Capital Programme (Subject to External Audit)
Committee:	City Council
Date:	25 June 2018
Cabinet Member:	Councillor Lowry
CMT Member:	Andrew Hardingham, Interim Strategic Director for Transformation and Change
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Key Decision:	No
Part:	I

Purpose of the Report:

This report is the outturn report for 2017/18 and details the financial position of the Council as at the end of March 2018.

The Council's gross revenue budget for 2017/18 was £514.145m which after allowing for income and grant was £183.883m. The financial outturn position before any adjustments is an overspend of £2.411m against the budget set in February 2017. Assuming the transfers to and from reserves and making use of capital receipts as proposed in the report are approved, a breakeven position will be declared i.e. an outturn of £186.294m.

As is normal practice, this report proposes a number of adjustments to the financial accounts following the financial review always undertaken by the Section 151 Officer at the end of the year. Decisions made as part of this report will feed into the Council's annual Statement of Accounts which is subject to external audit. The external audit is expected to commence in June 2018 with the final accounts approved and signed off by our external auditors at the end of July 2018.

As at 31 March 2018 the Working Balance stands at £9.167m and the final Capital outturn position is £98.963m. The Working Balance represents 5% of the net revenue budget which remains at the 5% recommended minimum as set out in the budget approved by Council.

The Corporate Plan 2016/17-2018/19

This outturn report is fundamentally linked to delivering the priorities within the Council's Corporate Plan and sets out how the Council has allocated its limited resources to key priorities to maximise the benefits to the residents of Plymouth.

Implications for Medium Term Financial Strategy and Resource Implications

The overall outturn position is break even against our gross budget of £514.145m which is testament to the robust financial management and discipline across all areas of the Council.

Given the size of the financial challenge faced for 2017/18, with a total savings target of £18.290m, balancing the budget, albeit using one off additional funds, is a major achievement for the Council. This was an essential objective due to the continuing reduction in funding from central government and an even more financially challenging 2018/19. Of the £18.290m savings target, over £10.000m was delivered through Transformation.

A range of financing options are available in order to balance the budget and ensure working balances are maintained at 5% of the net revenue budget. By using £1.085m of capital receipts and £1.326m derived from section 106 agreements the Council has protected its General Fund Balance.

The Medium Term Financial Strategy (MTFS) will now be updated to take account of the outturn position as detailed in this report.

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

In considering the budget variations for the year, Directors will identify any potential risks to delivering the budget in future years and risk assess the delivery of approved budget savings in 2017/18. These will be monitored as part of the corporate reporting process.

All actions taken as part of the Corporate Adjustments have been considered for their impact on: council priorities, legal obligations, customers and other services and partners.

Equality and Diversity

We have given due-regard to our Public Sector Equality Duty for all relevant managers.

Recommendations and Reasons for Recommended Action

1. Note the provisional outturn position as at 31 March 2018

2. Note the use of capital receipts - £1.085m - to write down Minimum Revenue Provision (MRP).

3. Note the use of £1.326m section 106 agreements to ensure a balanced budget position is achieved in 2017/18.

4. Note the Capital Report including the Capital Financing Requirement of £98.963m.

Alternative Options Considered and Rejected

None considered as it is a statutory requirement to report on the use of the Council's budget funds.

Published Work / Information

- The Local Government Act 2003
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2015
- Capital Financing Regulations (2012)
- 2017/2018 Annual report

Sign off

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

Plymouth City Council

Finance Monitoring – 2017/18

Quarter 4 Outturn at 31 March 2018

1. Introduction

1.1 This report reviews the Council's financial performance for the year ended 31 March 2018.

1.2 The provisional outturn position (subject to external audit review) for 2017/18 is showing a breakeven position after the application of reserves, capital receipts and section 106 agreements. This outturn position needs to be seen in context of the financial challenges the Council faced during the year.

1.3 Despite significant pressures within Social Care due to increasing demands arising from demographic growth and complex client needs a small underspend has been declared within People Directorate which will compare favourably with other Unitary and Upper Tier authorities. However, caution needs to be exercised when making comparisons as budgets for 2017/18 were developed from widely differing starting points.

1.4 Within the Place Directorate identified pressures within Waste Services and Fleet and Garage have been managed by identifying savings and maximising income across Directorate. Where pressures have been identified earlier in the year decisions were made to address some of these challenges to assist the Council and reaching this position.

1.5 Further details of the main variations are contained within section A of this report.

1.6 It is appropriate, given the financial challenges facing the Council in the next financial year and the medium term, that as part of reporting the final position for 2017/18 further consideration is now given to future levels of the Working Balance and reserves. As is normal practice at this time of year, the Chief Finance Officer, the Interim Strategic Director for Transformation & Change is recommending adjustments to provisions and reserves within the report. Full details of the Council's reserves and provisions will be set out within the Statement of Accounts.

1.7 The outturn figures will now feed into the Council's formal Statement of Accounts, which will include the Balance Sheet position. The Accounts and Audit Regulations 2011 require the Interim Strategic Director for Transformation & Change, as the Council's Section 151 Officer, to formally approve the Accounts by 31 May 2018, a month earlier than last year. The External Auditor is required to audit the accounts by 31 July 2018 – the statutory deadline for their publication; the Audit Committee will be formally asked to approve the final accounts for the year following completion of the audit.

1.8 This report contains the following sections and appendices:-

- **Section A** **Revenue Finance Outturn 2017/18**
- **Section B** **Capital Programme Outturn 2017/18**
- **Appendix A** **Revenue Outturn Variances 2017/18**

1.9 Full details of how we have allocated our financial resources to our priorities are set out in our 2017/2018 Annual report. The Annual Report summaries how we are delivering the priorities for Plymouth.

1.10 It sets out what we aim to achieve going forward and details what we achieved during 2017/18 despite the financial challenges we are facing including the creation of more jobs and homes for the city and our ambitious capital investment.

SECTION A: REVENUE FINANCE OUTTURN

2. Revenue Finance Outturn 2017/18

2.1 Council approved a gross revenue budget of £514.145m with a net revenue budget of £183.883m for 2017/18 at its meeting on 27 February 2017. Table 1 below provides a summary of the Council's overall revenue expenditure and compares the provisional outturn (subject to Audit) with the latest approved budget.

2.2 The finance outturn position, before any adjustments, shows an overspend of £2.411m which is a 1.31% variance. The outturn position needs to be considered in the context of a challenging financial climate and the continuation of the Government's austerity programme with respect to public finances. In 2017/18 the Council has managed a £18.290m savings programme in addition to increasing service demands and customer expectations. In addition increased pension costs have arisen due to reducing workforce numbers and pressures have been experienced within housing benefit subsidy and recovery of overpayments.

Table 1 End of Year Revenue Outturn by Directorate.

Directorate	2017/18 Gross Expenditure	2017/18 Gross Income	2017/18 Council Approved Net Budget	2017/18 Budget Virements	2017/18 Latest Budget	2017/18 Outturn	Year End Over / (Under) Spend
	£m	£m	£m	£m	£m	£m	£m
Executive Office	3.852	(0.224)	3.628	(0.025)	3.603	3.603	0.000
Corporate Items	8.153	(7.081)	1.072	(3.352)	(2.280)	0.371	2.651
Transformation and Change Directorate*	154.263	(121.576)	32.687	3.683	36.370	36.215	(0.155)
People Directorate	253.558	(131.010)	122.548	(0.049)	122.499	122.449	(0.050)
Office for the Director of Public Health	19.731	(19.531)	0.200	(0.015)	0.185	0.176	(0.009)
Place Directorate	74.588	(50.839)	23.749	(0.242)	23.507	23.481	(0.026)
TOTAL	**514.145**	**(330.262)**	**183.883**	**0.000**	**183.883**	**186.294**	**2.411**

*Transformation and Change Directorate includes the Councils Treasury Management activities which are subject to a separate outturn report considered by Audit Committee.

2.3 The following proposals have been actioned to reach a breakeven position for the Council.

- use of capital receipts - £1.085m; to reduce the MRP budget.
- use of funds from section 106 agreements - £1.326m.

2.4 Full details of outturn position by Directorate are shown in Appendix 1. Further details for other adjustments and reserve movements are set out in section 5 of the report.

2.5 Across the Council, management actions to reduce the potential of an overspend being incurred over the last months of the financial year included a review of all discretionary spend and delayed expenditure wherever possible.

2.6 Given the timetable to produce the accounts, both PCC and N.E.W. Devon CCG have agreed to formalise the financial position as shown in Table 2 for the Plymouth Integrated Fund.

Table 2 Plymouth Integrated Fund

Plymouth Integrated Fund	Section 75 indicative position	2017/18 Latest Budget	Forecast Outturn	Forecast Year End Over / (Under) Spend
	£m	£m	£m	£m
N.E.W. Devon CCG – Plymouth locality	331.000	337.479	337.283	(0.196)
Plymouth City Council	131.000	253.298	253.461	0.163
TOTAL	**462.000**	**590.777**	**590.744**	**(0.033)**

*This represents the net People Directorate budget plus the gross Public Health Commissioning budget (which is financed by a ring fenced Department of Health Grant).

3. Analysis of the Final Outturn Position by Directorate

Executive Office

3.1 This service area has recorded a balanced position for the year arising mainly as a consequence of controlling costs and receiving additional income from the Torbay DfE funding..

Corporate Items

3.2 Corporate items is showing an overspend position for the year of £2.651m. The key variations are;

3.3 Pension pressure of just over £0.300m, and non-delivery of previous savings targets totalling £1.800m, which includes; Staff Travel, Customer Service Transformation, Procurement, Commercialisation and Asset Management. Due to other underspends this brings the pressure down by £0.800m.

3.4 The reduction in the Education Services Grant (ESG) totalling £1.325m which has also resulted in an associated overspend in statutory services previously funded from this grant, is also shown here. This follows a decision for this pressure to be held corporately, instead of in the People Directorate. The ESG had been used to fund legacy pension costs inherited when Plymouth became a Unitary Authority in 1998.

3.5 By making use of capital receipts, and section 106 agreements these pressures will be addressed enabling a balanced budget to be achieved.

Transformation and Change

3.6 Transformation and Change Directorate is showing a small underspend of £0.155m at year end. Majority of this is within Finance, who delivered a £0.892m underspend, due mainly to the application of capital receipts to the Minimum Revenue Provision (MRP) as part of the Council's Treasury Management activities.

3.7 Human Resources (HR) & Organisational Development (OD) also delivered an underspend of £0.304m following vacancy savings being captured. Legal Services also generated a small underspend of £0.004m following efforts to generate additional income.

3.8 Transformation has ended 2017/18 with a pressure of £0.166m. This needs to be viewed with the backdrop of the service area picking up a significant in-year efficiency target with Smart Working and the decision to decentralise this service to enable bigger savings to be captured corporately.

3.9 Customer Services is also showing a pressure of over £0.600m as forecasted due to Housing Benefit subsidy shortfall and the requirement to further top up the bad debt provision. This was identified in the first half of the year and efforts made to reduce this pressure from growing. This will continue to be a pressure to the Council as the rollout of Universal Credit will make it increasingly more difficult for the Council to recover overpayments.

3.10 There is also a risk that pressure on welfare provisions will increase as Universal Credit continues to be applied.

3.11 The Departmental budget also shows a pressure of £0.245m as it holds Directorate wide legacy pressures from previous years.

3.12 Delt was again set the challenge of delivering efficiencies of £0.400m which was built into the base budget and achieved in full as part of the outturn position. Despite this the ICT budget shows a small pressure of £0.018m due to necessary stock write off.

People Directorate

3.13 The Children Young People and Families (CYPF) Service are reporting an adverse outturn position of £0.157m.

3.14 The overall CYPF overspend can be attributed to the increased cost and volume of looked after children's placements. Despite these increased costs, the department has made significant one off savings in year with good progress through the management-challenge & support sessions and budget containment meetings.

3.15 Early in-year monitoring identified the increasing costs of placements, with increases effective during 2017/18 showing 16.59% uplifts. The department has been working throughout the year to contain and cover pressures from other savings; however as we reached the third quarter a budget virement was agreed of £1.000m, effectively increasing the children's services budget for the current year, by making use of corporate funding solutions. This cost pressure has been identified going forward into future years and as such the MTFS additional funding has been increased from the original £2.000m to £3.200m.

3.16 The national and local context for children's placements is extremely challenging, with increasing difficulties in securing appropriate, good quality placements. High demand and limited supply of placements, a tightening of Ofsted requirements, as well as initiatives such as the introduction of the National Living Wage, have all led to an increase in the unit costs of placements. A region wide lack of placements has meant that some children have been placed in residential rather than the preferred fostering placements at a much higher cost.

3.17 The detail of this final outturn position for CYPF includes:

3.18 Ongoing work has been undertaken to ensure a systematic review of all young people in supported living and new arrangements for plans for them are in place. This will ensure appropriate plans are in place for young people improving timeliness and reducing cost pressure. Extensive work is also underway to review all placements in order to reduce the pressure on cost and volume where appropriate going forward.

3.19 Commissioners continue to work with colleagues in the peninsula to increase the sufficiency and quality of placements available. Since 2012 when there were 2 residential placements available in the city we now have 14 placements, and we expect this to continue to increase with two solo homes due to be registered in spring 2018.

3.20 Activity includes:

- Peninsula Fostering tender – new contracts begin 1st April 2018. The contracts require a breakdown and justification of any additional fees and all providers had to submit a breakdown of their core placement fees as part of the tender, to enable greater transparency of price. The contract also includes clear expectations around Staying Put arrangements. From the age of eighteen young people are no longer legally 'in care' or 'looked after' and therefore fostering arrangements and legislation relating to children placed with foster carers no longer applies. In circumstances where a young person remains with their former foster carer/s after their eighteenth birthday, the arrangement should therefore be deemed a "Staying Put" arrangement. Once the child reaches the age of eighteen and legal adulthood, the local authority is no longer making a placement, but facilitating a "Staying Put" arrangement for the young person.

- Residential block contract – the residential block contract has been implemented from 1st March 2018. The tender secured 12 beds initially in or within 20 miles of Plymouth, with the option to develop new provision as needed during the lifetime of the contract. Since 1st March an additional two bedded home in Plymouth has been added to the contract; this provision is already being used by Plymouth young people. The prices on the contract are between 5% and 7% lower than market rates. A multi-agency group (including Finance representation) is in place to ensure the effective running of the contract and to minimise any voids.

- Peninsula – Alternative provision for high risk children. The Peninsula local authorities are jointly funding a scoping exercise in relation to meeting the needs of children and young people with high risk behaviours, who don't meet the threshold for Tier 4 or Welfare Secure, but are beyond the capability of a traditional children's home.

- Devon is leading this work on behalf of the Peninsula, and this includes a consideration of establishing a new provision, able to offer crisis/emergency care with highly skilled staff able to manage significant risk. This work also relates to the Devon-wide STP work stream in relation to "Young people whose needs we struggle to meet as a system and who present in crisis". Key dates: Scoping report due spring 2018.

3.21 The Strategic Commissioning service is reporting a year end favourable position of £0.154m - a reduction of £0.154m from the predicted breakeven balanced budget at month 11. Throughout the year, there has been a steady increase in clients, especially around Domiciliary Care and Supported Living, which has had the effect of significant cost increases on those two areas. Additional client contributions through the year balanced out those costs and further savings on the salary lines helped to deliver the year end underspend reported.

3.22 As part of this year end position, Strategic Commissioning has achieved its target of delivering over £5.2m of savings in the current year. Although some of the savings are one-off, plans are in place for 2018/19 to replace with sustainable savings.

3.23 People Management & Support budget achieved a minor underspend of £0.004m

3.24 Education, Participation and Skills are also reporting a minor underspend of £0.034m due to a small variation within the home to school transport budget. This needs to be seen with the understanding that the shortfall in ESG of £1.325m was agreed to be dealt with corporately.

3.25 As part of the MTFS for 2017/18, Community Connections made savings of £0.500m to contribute to the £7.117m Directorate target, resulting in a minor underspend of £0.014m.

3.26 Average nightly Bed and Breakfast (B&B) placements for 2017/18 were 53.7 compared to budget for 28. The B&B cost pressure was £0.675m for increased demand during year, this included impact of higher nightly costs, introduction of Universal Credit and increasing accommodation needs for families. This pressure was contained by a number of one off actions including use of grant monies and targeted management action. Action is ongoing to limit the ongoing cost pressure of homelessness through lower placements and prevention work.

Office of the Director of Public Health (ODPH)

3.27 The Public Health Directorate has achieved an underspend of £0.009m at year end, despite a cut of £0.398m to the Public Health grant funding. The revenue funded services - Public Protection and Civil Protection is where the underspend was achieved whilst also contributing £0.070m to the People directorate.

Place Directorate

3.28 Strategic Planning and Infrastructure (SP&I) underspent by £0.327m. Capitalisation of salaries and spend savings have been the main contributors. This has been possible despite major planning application and pre-application income activities remaining weak, however, building control fees have performed well. The projected concessionary fares savings and delayed recruitment has also contributed to off-setting the planning application fee downturn. The remaining public examination costs for the Plymouth and South West Devon Local Plan will now be incurred in 2018/19 although the total costs still remain unknown.

3.29 Departmental Management was part of the £0.405m efficiency savings target achieved elsewhere in Directorate.

3.30 Income generation from Asset Investment Fund acquisitions has enabled a number of expected spend pressures within Economic Development to be met. This included enabling the removal of the Corporate Landlord budget savings target for Museums “mothballing”, and containing an overall MTV net cost.

3.31 The New Homes Bonus target has already been achieved for 2017/18.

3.32 Street Scene & Waste outturn is £0.007m underspend. The street scene and waste service has delivered significant savings within year via an extensive street cleansing and waste modernisation programme. Additional resources totalling £0.500m were added during the year.

3.33 Fleet and Garage outturn came in as a £0.775m adverse. This has been reported throughout the year and is due to undeliverable savings targets, including legacy savings of £0.607m. The budget has been rebased for 2018/19 and these legacy targets have been removed.

3.34 Highways and Car Parking Outturn shows a favourable variation of £0.336m, of this £0.050m is due to capitalisation of the SSIMS project costs and £0.195m of additional income from the Car Parking trading account. £0.090m was due to the realignment of Amey to South West Highways (SWH).

3.35 Street Services Overheads shows a pressure of £0.163m.

4. Other Financial Performance

4.1 In addition to the financial outturn reports within this report there were a range of other significant performance achievements which have contributed to the year-end position. In-year collection targets are set for our Council Tax, Business Rates, Commercial Rent, and Sundry Debt Income including our Trade Waste Income. The 2017/18 revenue budget was based on the achievement of the required targets.

4.2 We continue to increase our collection rates in core income streams and explore alternative ways of making further improvements. For example, we created a new team within existing resources to focus on recovering debt due to the Council with a specific focus on reducing housing benefit over payments.

4.3 Some Key Indicators are:

- The Miscellaneous Debt Management Team raised invoices to the total value of £110.000m in 2017/18 compared with £103.000m in 2016/17, collecting 96.87% of this debt within 30 days (96.9% in 2016/17) against a target of 95%.
- 96.9% of Council Tax collected against a target of 98.5% (16/17 = 96.9%).
- 99.3% of NNDR collected against a target of 98.0% (16/17 = 99.1%).
- Average borrowing rate of 2.38% was achieved against target of 3.54% (16/17 = 2.61%).
- Average investment return of 1.34% was achieved against target of 1.3% (16/17 = 1.7%).
- 98.4% of all supplier invoices were paid within 30 days against a target of 99%.
- VAT partial exemption at 3.41% against a target of 5% (16/17 = 4.6%).
- 53.4% of the Council's spend was incurred businesses within the "PL" post code against target of 55% (16/17 = 56%).

Transformation – Flexible Use of Capital Receipts

4.4 As part of the Spending Review in 2015, the Government announced it would introduce flexibility for local authorities to use capital receipts to fund the revenue costs of service reforms and transformation. This included set up or implementation costs that generated future ongoing savings through services transformation, reducing costs and improving the quality of service delivery.

4.5 During 2017/18 the Transformation Portfolio delivered in excess of £10.000m worth of reoccurring savings, via three Programme strands that covered all aspects of the Council. The cost incurred to enable delivery totalled just under £3.000m which was funded from capital receipts as part of the Flexible Use of Capital Receipts.

4.6 The table below shows the net position for each programme.

Table 3 Transformation Programmes

Programme	Reoccurring Savings	Resource Costs	Net Savings
	£m	£m	£m
GAME	3.061	0.915	2.146
Transformation of the Corporate Centre	3.468	0.824	2.644
Integrated Health and Wellbeing	3.945	0.992	2.953
TOTAL	**10.474**	**2.731**	**7.743**

4.7 GAME Programme: This programme focused predominantly on modernisation of services including collection and disposal of waste. It paid particular attention to implementing Alternative Weekly Collections, rerouting the vehicles and investing in technology to enable quicker response times and more accurate charging. It also covered a strategic asset review that enabled Estate Rationalisation, and partnership working on One Public Estate (OPE). This delivered reoccurring savings of £3.061m.

4.8 Resource costs equated to £0.915m, this included the use of a Programme Manager, four project managers, four project support officers, an architectural technologist, a cost manager, two business change advisors and four business analysts.

4.9 Transformation of the Corporate Centre: This programme concentrated on service reviews to deliver cross cutting savings. Areas that underwent a review included Registration services, Library service, Finance Department and Legal Services. This enabled development of technology and digital focused solutions to improve efficiency and create shared services wherever possible. This delivered reoccurring savings of £3.468m.

4.10 Resource costs equated to £0.824m, this included the use of a Programme Manager, Business Transition manager, five project managers, three project support officers, two business analysts, and architectural technologist support.

4.11 Integrated Health and Wellbeing: This programme centred around working in partnership with the Clinical Commissioning Group (CCG), to improve services available to children and young people. Focus was on reviewing contracts, seeking economies of scale and ensuring value for money. This delivered reoccurring savings of £3.945m.

4.12 Resource costs equated to £0.992m, this included the use of a Programme Manager, a Communications Lead, five project managers, two project support officers, a business change advisor, four business analysts and a business architect.

5. 2017/18 Financial Review

5.1 As part of consideration of the outturn position, and before officially closing the accounts, it is necessary to review the Council's overall financial position, looking not only at the general fund revenue outturn position for the year, but reviewing the adequacy of reserves and provisions in the light of financial liabilities identified over the short to medium term. Decisions made feed into the Council's statutory Statement of Accounts which is subject to external audit.

5.2 As an integral part of the financial review the Interim Joint Strategic Director for Transformation & Change - Finance and Corporate Management Team (CMT) are recommending the following corporate adjustments.

a. Release of Capital Receipts

5.3 Local authorities have an option that part or all of the MRP payment could be funded from capital receipts. This is reflected in the MRP strategy and capital receipts to the value of £1.085m have been applied to ensure a balanced budget position is achieved in 2017/18.

5.4 Full details of the Council's Reserves and Provisions will be set out within the Statement of Accounts for 2017/18.

b. Use of Section 106 Agreements

5.5 As reported to Cabinet in quarter 3 budget monitoring report, due to the significant budget pressures and demands placed upon services, an innovative approach to generate new resources and support the revenue budget has been identified through the use of section 106 agreements. To ensure a balanced budget is achieved in 2017/18 £1.326m of section 106 agreements has been applied to offset the outturn overspend.

Working Balance

5.6 The Working Balance as at 31 March 2018 is £9.167m. This represents 5% of the net revenue budget which remains at the 5% recommended minimum approved within the MTFS.

Table 4 Working Balance

	March 2017	MTFS adjustment	March 2018
	£m	£m	£m
Working Balance	**9.351**	**(0.184)**	**9.167**

Schools Balances

5.7 At the end of the year there was a total of £3.747m unspent monies against schools' delegated budgets and other reserves. The main reasons why schools hold balances are:

- Anticipation of future budget pressures usually arising from pupil number variations.
- To provide for the balance of Government grants paid during the financial year (April–March) which cover expenditure occurring across the academic year (September – August).

5.8 There are two nurseries and three maintained schools with deficit balances included in this overall figure above, with a combined deficit of £0.514m. There are currently no implications to Plymouth City Council for this deficit as these are offset by the schools with a surplus balance.

Recommendations

That Cabinet:-

1. Note the provisional outturn position as at 31 March 2018.

2. Note the use of capital receipts - £1.085m - to write down MRP to ensure a balanced budget position is achieved in 2017/18.

3. Note the use of section 106 monies - £1.326m to ensure a balanced budget is achieved in 2017/18.

SECTION B: CAPITAL PROGRAMME OUTTURN 2017/18

6. Capital Programme outturn 2017/18

6.1 The capital programme outturn position for 2017/18 is £98.963m. This is shown by Directorate in Table 5 below. This is within the approved Capital Budget of £674.640m reported to Full Council in February 2018.

Table 5 Capital Outturn 2017/18

Directorate	Latest Forecast December 2017	Re-profiling	Approvals post December	Variations & virements	2017/18 Outturn	Variance	%
	£m	£m	£m	£m	£m	£m	
Place	92.560	(11.272)	2.796	(0.224)	**83.860**	(8.700)	90.6
People	9.601	(1.153)	1.013	(0.744)	**8.717**	(0.884)	90.8
Transformation & Change	4.095	(0.846)	0.335	0.071	**3.655**	(0.440)	89.3
Office for the Director of Public Health	0.000	0.000	0.000	0.000	**0.000**	0.000	0.0
CAPITAL PROGRAMME	**106.256**	**(13.271)**	**4.144**	**(0.897)**	**96.232**	**(10.024)**	**90.6**
Efficiency Strategy	0.000	0.000	2.731	0.000	**2.731**	2.731	
TOTAL CAPITAL PROGRAMME	**106.256**	**(13.271)**	**6.875**	**(0.897)**	**98.963**	**(7.293)**	

6.2 The 2017/18 programme outturn of **£98.963m** has enabled investment in some notable schemes, including:

- **£36.137m** Asset Investment acquisitions including:
  - £3.074m Coburg House
  - £7.331m Next
  - £20.303m Royal Mail Site
- **£2.539** Strategic Property Acquisitions for regeneration and housing development including:
  - £1.678m Colin Campbell Court
  - £0.585m Bath Street
- **£11.563m** Derriford Transport Scheme
- **£7.989m** for the redevelopment of the City Museum and Library into the 'The Box'
- **£5.875m** Highway maintenance and essential engineering
- **£3.283m** of Basic Need works in Plymouth schools to allow for increasing capacity trajectories
- **£0.339m** improving the condition of Plymouth schools

- **£2.592m** for Disabled Facilities Grant works
- **£1.896m** maintaining corporate and heritage assets
- **£1.008m** ICT provision, upgrading and creating new capabilities for ICT infrastructure

6.3 The year-end position highlights **£13.271m** of re-profiling of schemes into 2018/19. This is spend which was scheduled to be delivered in 2017/18, but is now forecast to be delivered in 2018/19. Explanations for the most significant project re-profiling are given below:

- **(£0.761m) Oceansgate**
  Work has been continuing to deliver the South Yard Oceansgate site. A delay in awarding the Balfour Beatty contract for infrastructure works and delays in completing legal agreements with local landowners has resulted in the 2017/18 anticipated works being delivered in 2018/19.

- **(£1.524m) Asset Investment Fund**
  On-going negotiations over the structure and terms of the acquisitions, and also additional unforeseen circumstances such as adverse weather conditions resulting in construction delays for the Langage and Next sites has meant that these projects have required slight reprofiling.

- **(£0.616) The Box**
  At the time of the latest capital programme approval (December 2017) it was anticipated that 2017/18 spend would be £8.605m. However, there was a contractual delay that caused a delay to the refurbishment of the museum. This was caused by the Mechanical and Electrical layout being revised by Events Communication to cater for Exhibition. This has resulted in the need to re-profile £0.641m worth of spend from 2017/18 into 2018/19.

Capital Financing 2017/18

6.4 The table below shows the final financing of the 2017/18 programme.

Table 6 Financing of 2017/18 Capital Programme

Method of financing	Un ring- fenced £m	Ring – fenced £m	Total £m
- Capital receipts	(0.003)	2.099	2.096
- Grants (e.g. gov't, HLF, LEP, Environment Agency)	6.325	22.704	29.029
- Internal PCC Balance Sheet Funds	0.100	0.000	0.100
- Contributions, S106 & CIL	0.031	0.671	0.702
- Direct Revenue Funding from service areas	0.000	0.295	0.295
- Borrowing:			
- Corporately funded	17.351	0.000	17.351
- Service revenue budget funded	0.000	41.576	41.576
- External Borrowing	0.000	5.083	5.083
CAPITAL FINANCING 2017/18	**23.804**	**72.428**	**96.232**
- Flexible Use of Capital Receipts	0.000	2.731	2.731
TOTAL CAPITAL FINANCING 2017/18	**23.804**	**75.159**	**98.963**

6.5 **Service Borrowing:** Service departments will make a revenue contribution for their borrowing based on the amount of the loan, the interest rate and the life of the individual assets. The interest cost is calculated using interest rates provided by the Treasury Management Team and is based on the term of the borrowing. The interest rates are fixed for the full term of the borrowing so that the service knows the full cost of borrowing.

6.6 The service would cover the cost of borrowing from the benefits gained once the scheme has been completed and commissioned. There should therefore be no additional cost to service budgets as the budgets will receive both the benefits derived and cost of debt financing.

6.7 **Corporate Borrowing:** Corporately funded schemes are charged to the Treasury Management budget. Over recent years the cost of such schemes has been absorbed into that cost centre. However, this is unsustainable going forward. A provision of £0.400m has been included in the 2018/19 revenue budget with further provisions included within the MTFS but these will have to be reviewed each year as the projects are completed.

Revised Capital Programme 2018 – 2022

6.8 The table below sets out the revised capital programme for the 2018 – 2022 period:

Table 7 Revised Capital Programme

Directorate	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	Total Programme
	£m	£m	£m	£m	£m	£m
Place	115.858	52.476	8.484	2.000	2.000	180.818
People	6.655	0.242	0.177	0.177	0.000	7.251
Transformation and Change	8.245	1.112	0.984	0.000	0.000	10.341
Office for the Director of Public Health	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	**130.758**	**53.830**	**9.645**	**2.177**	**2.000**	**198.410**

Recommendations

That Cabinet:-

1. Note the Capital Report including the Capital Financing Requirement of £98.963m

REVENUE OUTTURN VARIANCES MARCH 2018 APPENDIX A

DEPARTMENTS	2017/18 Gross Expenditure December	2017/18 Gross Income December	Latest Approved Final	Outturn	Outturn Variation
	£'000	£'000	£'000	£'000	£'000
Chief Executives Office	3,020	(145)	2,875	2,875	0
Business Support	807	(79)	728	728	0
Total Executive Office	**3.827**	**(0,224)**	**3,603**	**3,603**	**0,000**
Other Corporate Items	8,335	(7,263)	(2,280)	371	2,651
Total Corporate Items	**8,335**	**(7,263)**	**(2,280)**	**371**	**2,651**
Finance	26,216	(5,544)	20,672	19,780	(892)
Legal	2,974	(932)	2,042	2,038	(4)
Customer Services	116,279	(111,630)	4,649	5,265	616
Human Resources & OD	2,065	(58)	2,007	1,702	(304)
Departmental Management	(263)	0	(263)	(18)	245
Transformation	3,035	(2,789)	245	411	166
ICT	6,898	(425)	6,473	6,491	18
Electoral Function	547	(2)	545	545	0
Total Transformation and Change	**157,750**	**(121,380)**	**36,370**	**36,215**	**(0.155)**
Children,Young People,Families	39,477	(3,439)	36,038	36,195	157
Strategic Comm Adult Soc Care	105,273	(31,220)	74,053	73,899	(154)
Education Participation Skills	104,359	(94,747)	9,612	9,578	(35)
Community Connections	4,185	(1,604)	2,581	2,567	(14)
Management and Support	214	0	214	209	(5)
Total People Directorate	**253,509**	**(131,010)**	**122,499**	**122,449**	**(0.050)**
Economic Development	14,621	(13,228)	1,393	731	(662)
Strategic Planning	13,544	(3,539)	10,006	9,679	(327)
Street Services	45,662	(28,875)	16,787	17,382	595
Departmental Management	518	(5,196)	469	835	366
GAME Transformation	0	0	(5,146)	(5,146)	(0)
Total Place Directorate	**74,346**	**(50,839)**	**23,509**	**23,481**	**(0.026)**
Public Health	16,427	(16,029)	398	398	0
Operational and Development	238	(55)	184	190	7
Trading Standards	436	(17)	419	394	(25)
Environ Health (Food & Safety)	432	(34)	398	377	(20)
Bereavement Services	1,122	(2,811)	(1,689)	(1,689)	0
Licensing	306	(408)	(102)	(76)	26
Environmental Protection	580	(165)	415	436	21
Civil Protection Unit	189	(26)	163	145	(18)
Total Office of Director of Public Health (ODPH)	**19,731**	**(19,546)**	**185**	**176**	**(0.009)**
Total General Fund budget	**514,145**	**(330,261)**	**183,883**	**186,294**	**2,411**