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Overview and Scrutiny
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Dear Member

OVERVIEW AND SCRUTINY BOARD - WEDNESDAY, 26 NOVEMBER 2014

I am now able to enclose, for consideration at the Overview and Scrutiny Board to be held on Wednesday, 26 November 2014, the following reports that were unavailable when the agenda was printed.

| Agenda No | Item | Page |
|------------------|---|-----------------|
| 6. | Revenue Budget Monitoring Quarter 2 | (Pages 60 - 82) |
| 7. | Capital Investment Plan Update 2014/15 Quarter 2 | (Pages 83 - 96) |

Yours sincerely

Kate Spencer
Overview and Scrutiny Lead

Agenda Item 6



Briefing Report /2014 Public Agenda Item: Yes
No:
Title: Revenue Budget Monitoring 2014/15 – Quarter 2
Wards Affected: All Wards in Torbay
To: Overview and Scrutiny Board On: 26 November 2014
Council On: 4 December 2014
Contact Officer: Paul Looby
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1. Key Points and Summary

- 1.1 At the half way point in the financial year the latest projected forecast for council services is an overspend of £1.6m. This compares to a £1.4m projected overspend at the same time last year.
- 1.2 There are a number of variations to the approved budget across services with Children's - Safeguarding and Wellbeing and Adult Social Care facing the largest budget pressures.
- 1.3 Members were advised of the challenging financial climate it faced when the 2014/15 budget was set in February 2014. The inherent risks faced by the Council when the budget proposals were approved, were set out in the report and these risks were accepted by Members. They arise from the ongoing austerity measures from the coalition government and demand pressures across a number of services
- 1.4 Whilst the latest forecast is an improving position when compared to the first quarter of the year (where a £2.1m projected overspend was forecast), due to a number of continued service pressures and the impact of previous budget reductions the council still needs to make further in year savings to ensure a balanced budget is achieved at year end.

- 1.5 The Senior Leadership Team and Executive Lead Members are working hard to address the pressures and take corrective action where appropriate and have already identified savings proposals that were due to be implemented from April 2015 which can be implemented in the current year. These amount to £0.6m and have been included within the forecast outturn position.
- 1.6 The key variations within services are summarised below:
- Children's Services: The Director of Children's Services forecast a projected overspend of £1.4m at the end of the first quarter. Based upon existing client numbers and associated staffing costs (including the continued use of agency staff) the forecast overspend at the end of the second quarter has increased to £2.254m. This is after the application of the earmarked contingency for Safeguarding and Wellbeing and savings derived to date from the recovery plan.
 - Adult Social Care: £0.717m projected overspend. The forecast overspend for Adults services (provided by the Torbay and Southern Devon Care and Health NHS Trust) has fallen to £0.492m but this has been offset by budget pressures amounting to £0.225m (Torbay's share) within the Torbay Community Equipment Service for adaptations and equipment for clients. This service is commissioned jointly with the Clinical Commissioning Group (CCG).
 - Residents and Visitors: projected overspend of £0.220m due to lower forecast income against the approved budgets for, Parking Services, Sports, Torre Abbey and Corporate Security. This is an improving position compared to the first quarter.
- 1.7 In response to the projected outturn position within Children's Services, a 5 year Cost Reduction Plan has been developed and was approved by Council in October. The plan is designed to manage existing and future pressures and has identified work packages as part of a cost reduction programme. This work was supported by Social Finance.
- 1.8 With respect to Adult Social Care an updated recovery plan has been appended to this report which sets out the actions that are being taken to reduce spend and there is a recovery plan to address the pressures within the Torbay Community Equipment Service.
- 1.9 Members will be aware that the Council must achieve a balanced budget at year end. This will be achieved by either:
- a) those services overspending producing in-year recovery plans which reduces or removes the projected overspend;

- b) all other services deliver in year savings resulting in an underspend at year end;
 - c) if insufficient savings can be made there is a risk that, as a last resort, uncommitted reserves or uncommitted budgets will be required to ensure a balanced budget can be achieved at the end of the year.
- 1.10 Members will be aware the Council does hold reserves. These should only be used for one off purposes or for invest to save initiatives and is not a solution to supporting ongoing financial commitments. Members should be aware that unless action is taken to reduce the existing overspends there is a possibility that the council will have to draw down monies from the Comprehensive Spending Review Reserve in 2014/15 to ensure a balanced position is achieved.

Strategy for in Year Budget Management

- 1.11 As in previous years' the Council will continue with its adopted ongoing Strategy in response to the coalition government's austerity programme and to address its own financial challenges. Fundamentally the Senior Leadership Team and Executive Lead Members must maintain strict financial management and control over all services areas. The Senior Leadership have agreed on all of the following measures:
- a moratorium on all non essential expenditure and a reduction in all other expenditure with an assessment of the services consequences.
 - a freeze on all non essential recruitment.
 - a review of budgeted expenditure that could be ceased and an assessment of the service consequences including reshaping of services where possible.
 - where possible identification of any further savings proposals for 2015/16 agreed at Council in October 2014 and implementing these to derive in-year savings.
 - Redeployment of staff directly affected by any restructuring proposals where vacancies exist.
 - identification of any invest to save schemes that will have immediate cost savings in 2014/15 and beyond.

Paul Looby
Executive Head of Finance and Chief Finance Officer

Appendices

Appendix 1 Summary of Main Variations

Appendix 2 (a) Torbay and Southern Devon Health Care Trust Recovery Plan
 (b) Torbay Community Equipment Service Recovery Plan

Part 2

Appendix 3 Write offs above £5,000.

Documents available in Members' rooms

None.

Background Papers:

The following documents/files were used to compile this report:

None.

Summary of Main Variations

A.1 Report Overview

- A1.1 The purpose of this report is to provide Members with a summary of the projections of income and expenditure for all Business Units within the Council and to set out how the Council will maintain expenditure within its approved budget of £115.8m.
- A1.2 The revenue monitoring statement shows the expenditure and projected outturn position based upon the latest information available to finance officers in consultation with service departments. Where possible, the implications or consequences arising from the variations are reflected in the key performance indicators for that service.
- A1.3. Ongoing financial monitoring will be provided to Members quarterly.

A.2 Financial Performance

- A2.1 Table 1 below provides a summary of the projected outturn position for Council services. The 2014/15 budget has been revised to reflect changes to services within individual Business Units.

Table 1

Projected Outturn Position – Quarter 2

| Business Unit/Service | 2014/15 Budget | Spend to Date | Projected Out-turn | Variation at Out-turn |
|---|-----------------------|----------------------|---------------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Director Adults | | | | |
| Adult Social Care | 41,733 | 19,969 | 42,450 | 717 |
| Other Adult Services | 1,878 | 419 | 1,785 | (93) |
| | 43,611 | 20,388 | 44,235 | 624 |
| Director of Children's Services | 25,333 | 17,816 | 27,587 | 2,254 |
| Director of Operations and Finance | | | | |
| Commercial Services | 4,601 | 2,232 | 4,611 | 10 |
| Finance | 8,565 | (1,624) | 7,171 | (1,394) |
| Information Services | 3,273 | 1,311 | 3,209 | (64) |
| | 16,439 | 1,919 | 14,991 | (1,448) |
| Director of Place | | | | |
| Residents & Visitors | 7,293 | 3,520 | 7,503 | 210 |
| Spatial Planning | 5,521 | 3,086 | 5,521 | 0 |
| TDA - Clientside | 2,278 | 1,643 | 2,278 | 0 |
| TDA – TEDC | 1,485 | 2,867 | 1,485 | 0 |
| Torbay Harbour Authority | 26 | 81 | 16 | (10) |
| Waste & Cleaning | 11,499 | 10,325 | 11,499 | 0 |
| | 28,102 | 21,522 | 28,302 | 200 |
| Director of Public Health | | | | |
| Community Safety | 2,271 | 1,424 | 2,262 | (9) |
| Public Health | 0 | 2,770 | 0 | 0 |
| | 2,271 | 4,194 | 2,262 | (9) |
| Total | 115,756 | 65,839 | 117,377 | 1,621 |

Main Variations

A2.2 A summary of the main variances and the principal reasons for any underspends or overspends and any emerging issues within each directorate are explained below.

Adults

A2.3 This portfolio covers Adult Social Care and Supporting People and is projecting to overspend by £0.624m.

Adult Social Care

The provision of Adult Social Care is a commissioned service provided by the Torbay and Southern Devon Health and Care NHS Trust. The Trust are forecasting a £0.492m overspend for the year at the end of quarter 2 – a £0.3m reduction compared to quarter 1.

The Torbay Community Equipment Service is forecasting a projected overspend of £0.225m at the end of the second quarter. This is a jointly Commissioned Service with the CCG providing adaptations and equipment to clients.

Further details of the projected outturn and Recovery Plans are appended to this report.

As previously reported the main reason for the forecast overspend within Adult Social Care is due to the non achievement of some of the 2014/15 savings which form part of the Trust's Cost Improvement Programme (CIP). A summary of the key issues as identified by the Trust include:

1. Under delivery against CIP Plan to date on Packages of Care (POC) under £70. The Trust undertook a Telephone Pilot for this category of care throughout May 2014 and this did not realise the expected savings as client number have remained constant.
2. No progress has been made to date on non-residential POC between £70 to £606. Since the beginning of the year there are additional cost pressures. Non delivery for this scheme has had an impact on the financial position for Mental Health over 65s and Torquay, Mental Health under 65s teams and Learning Disability.
3. Good progress has been made on the other main schemes including Residential Based under £606 and POC over £606. If the current client base is maintained throughout the remainder of the financial year then the majority of the CIP target will be achieved. The Learning Disability service is estimated to exceed its CIP target by the end of the year.

The Trust has advised that as the latest forecast is based on 6 months data the overall financial challenges are becoming clearer. The forecast is based on the current client base and there could be further changes to the forecast outturn position due to the nature of the service, demands placed upon it as there are a number of volatile factors that could influence the forecast.

The Torbay Community Equipment Service is projecting an overspend of £0.225m due to increased demand for adaptations and equipment in the first half of the year.

Supporting People is projecting to underspend by £0.093m due to a combination of contractual savings and vacancy management savings.

A2.4 Children, Schools & Families

At the end of quarter one the Director of Children's Services was forecasting a projected overspend of £1.4m after the application of the £2m contingency for Children's Social Care and £1.5m from reserves which was agreed as part of the budget proposals in February 2014. The forecast position at the end of quarter 2 is £2.254m which is after the delivery of anticipated savings from their recovery plan. A summary of the budget pressures within Children's Services are shown below:

| | £'m |
|--|--------------|
| Children's Services Projected Overspend | 5.754 |
| Less: | |
| Use of Contingency | 2.000 |
| Use of one off PFI sinking reserve (approved by Council Feb 14) | 1.500 |
| Forecast Outturn Position | 2.254 |

To achieve a forecast outturn position of £1.4m, further cost reductions amounting to £0.854m are required in the second half of the financial year.

The projected overspend is primarily due to budget pressures within Safeguarding and Wellbeing due to the number and cost of independent sector placements (ISP) and residential placements and increased staffing costs due to the ongoing use of agency social workers within the Safeguarding and Wellbeing service.

The headline position for Safeguarding and Wellbeing after the application of the contingency, reserves and the recovery plan is a forecast overspend of £2.4m. The

overall forecast position is partly offset by a projected underspend within Schools Services of £0.2m.

The number of looked after children at the end of September 2014 is 294, a decrease of 20 since the end of March 2014. The number of children on Child Protection Plans at the end of September is 137, a decrease of 36 since the end of March 2014.

Members approved a 5 year cost reduction plan to address the budget pressures within Children's Services in October 2104. This report set out the work undertaken by Social Finance who have been supporting Children's Services in the delivery of new operational working practices to ensure the costs for the service are brought in line with the average cost when compared to other local authorities.

The plan requires investment over the next three years which will be funded from earmarked reserves as set out in the Review of Reserves report which Council approved in October 2014. These reserves will have to be replenished from the forecast savings achieved within the service. If these savings are not delivered this will impact upon all other services within the council as the reserves are earmarked for specific purposes in the future.

The programme of activities currently in place and being developed will continue to remodel the service and are required to reduce the number of Looked After Children and the amount of time they spend in care. The programme will include embedding a more robust and assertive Fostering Strategy, which will have to increase the number of in-house foster carers and move Children from Independent Sector Placements without affecting outcomes if savings are to be delivered. The implementation of a residential migration project must be achieved if it is to be a cost effective alternative to residential care.

Council approved that the Director of Children's Services bring separate monitoring reports on progress of the programme of activities which will deliver the Cost Reduction Pan. These will be presented to Members of the Overview and Scrutiny Panel.

Place

A2.5 There is a projected overspend of £0.200m. A summary of the main variations are identified below:

Residents and Visitor Services is projecting an overspend of £0.210m at the end of the second quarter.

This is due primarily to:

- spending pressures within Parking Services where there is a projected shortfall in car parking income of £0.360m. This is a combination of on

and off street parking and a reduction in enforcement income. On 30 October 2014, Council approved a revised car parking tariff commencing December 2014 through to May 2015. The council report set out the estimated financial consequences of the approved proposal. It should be noted that car parking income is a volatile budget and subject to a number of factors outside of the council's control. The impact of the change will be closely monitored in the last 4 months of the financial year.

- Torre Abbey is reporting a projected overspend of £0.09m due to lower than anticipated visitor numbers and operational pressures.
- Sports Services are projected a shortfall in income of £0.1m.
- Corporate security costs (CCTV) are projected to overspend by £0.04m due to a shortfall in forecast income partly offset by vacancy management savings.
- These overspend have been partly offset by administrative savings and vacancy management across the service and the strict financial control across all services to maintain spend within the approved budget.

Waste and Cleaning is projecting to spend within its approved budget. The impact of waste tonnages and recycling will be monitored closely in the second half of the year.

Spatial Planning – is projected to spend within its approved budget at the end of quarter 1.

However achievement of the approved budget is subject to receipt of budgeted income i.e. planning and building control and the number of passenger journeys within the Bay which will impact upon the Concessionary Fares budget.

Economic Development Company (Client side) and Business Services are projecting to spend within budget as at the end of quarter 2.

Torbay Harbour Authority – includes the management of beach services where a small projected underspend of £10,000 is reported.

A2.6 Public Health

Services within Public Health and Community Safety are projecting a small underspend of £9,000. This relates to Community Safety as the Public Health budget is ring fenced.

A2.7 Operations and Finance

Operations and Finance is projected to underspend by £1.448m

Commercial Services is projecting a small overspend of £10,000 due to a delay in realising savings from the new combined Coroner area.

Finance is projected to underspend by £1.394m.

Financial Services is projecting to underspend by £0.2m due to vacancy management savings within Financial Services and lower external audit inspection fees.

A number of corporate budgets are “accounted for” within the Finance budget. Due to the council projected overspend where possible any potential underspend from these have been identified and will be used to offset the overspend and include a council contingency (£0.5m).

In addition savings have been identified with, reduced pensions costs (£0.2m) and the forecast surplus for Torbay’s share of the Devon Wide Business Rates Pool (£0.3m) and higher than budgeted for NNDR section 31 grant income (£0.2m).

Information Services is projecting an underspend of £64,000 due to vacancy management.

A3 Reserves

- A3.1 The Comprehensive Spending Review (CSR) reserve is the Council’s uncommitted reserve which was set up to meet the financial challenges it faces over the next few years. Its main purpose is to fund the costs for restructuring but can also be called upon to fund unforeseen events and pressures as they arise.
- A3.2 The Chief Finance Officer has advised that where possible reserves should only be used to support one off initiatives as it is not sustainable to use reserves to support ongoing commitments. As identified within the 2013/14 outturn report the balance for the CSR reserve was £3.8m as at April 2014.
- A3.3 Council approved budget savings proposals at its meeting on 30 October 2014. These will form the basis of the 2015/16 budget. It is too early to confirm the final costs for restructuring arising from these proposals but it is prudent to assume these could be approximately £1m – for comparative purposes redundancy and associated costs for the 2014/15 budget round was £0.8m. As any decisions with respect to the 2015/16 savings proposals will be made in the current financial year all associated restructuring costs will be a charge in 2014/15.
- A3.4 As part of the approved budget savings proposals, transitional funding was approved to support services in 2015/16 which will be funded from the CSR reserve.

- A3.5 The Council must declare a balanced budget at year. If after the application of uncommitted budgets and savings the current forecast overspend cannot be resolved any overspend will have to be funded from reserves. This will reduce the Council's uncommitted reserves and impact upon how the Council manages further reductions in government grant in future years.
- A3.6 Despite the fall in the forecast overspend in the current financial year due to increasing demands upon services and the use of earmarked reserves for invest to save initiatives within Children's Safeguarding and Wellbeing and the affect of reduced budgets for all Business Units, there is still a risk that the CSR reserve may be required to balance the budget in 2014/15.
- A3.7 A summary of the Council's uncommitted reserve is shown below in table 2.

Table 2 - Uncommitted Reserves

| Comprehensive Spending Review Reserve | Working Balance £'m |
|--|------------------------|
| | |
| Balance as at 1 April | 3.8 |
| | |
| Transitional Funding (14/15 and 15/16) | 0.4 |
| | |
| | 3.4 |
| | |
| Potential Calls on CSR Reserve | |
| Estimated Redundancy Costs arising from 2015/16 budget | 1.0 |
| 2014/15 Budget Pressures | Tbc |
| | |
| Estimated Balance | tbc |
| | |

- A3.8 The Council also has its General Fund balance. Since Torbay became a Unitary authority in 1998 there has not been a call on the general fund balances. The current balance is £4.4m and represents 3.8% of the Council's net budget.
- A3.9 Members will be aware that that the general fund balance is uncommitted (unlike other earmarked reserves) and provides funds that would only be used for any unforeseen or unexpected expenditure that could not be managed within service budgets or earmarked reserves. With this in mind and in light of the difficult financial climate faced by the Council and reduction to the Council's net budget, the Chief Finance Officer believes that a cash balance of £4.4m is a prudent and sustainable level to protect the Council from the increased risks it faces with respect to the ongoing grant reductions from Government and increased demand for some services. However this will be monitored closely during 2014/15 taking into account the forecast overspend and the delivery of recovery plans within Children's and

Adult Social Care. Members should note the Council's external auditors will have a view as to the level of the Council's General Fund Balance.

A.4 Dedicated Schools Grant (DSG)

A.4.1 DSG funded activities is currently reporting an underspend of £0.249m. The DSG is a ring fenced grant and can only be used to fund schools related activities.

A.5 Debtors

A5.1 This section of the report provides Members with an update for the second quarter in 2014/15 in respect of council tax and business rate collection.

Council Tax

A5.2 The targets for the collection of Council Tax in 2014/15 are:

- (i) collect 96.5% of the Council Tax due within the 12 months of the financial year (i.e. April to March); and
- (ii) collect 50% of the arrears brought forward from previous years.

A5.3 The Council is due to collect £65.9m after the granting of statutory exemptions and reductions and Local Council Tax Support in the period April 2014 to March 2015. To date the Council has collected £33.9m which is 51.5% of the Council Tax due in year. The collection level is lower than last year when 52.3% was collected.

A5.4 The total arrears outstanding at 31 March 2014 were £4.89m and this has been reduced by £1.24m which is about 25.4% of the total arrears due. At the equivalent time last year the Council had collected £1.03m of arrears of £3.67m, which equates to around 28.1%.

A5.5 There are no Council Tax write-offs over £5,000 to report. 398 council tax accounts with a value of £0.133m have been written off in the first quarter.

Non-Domestic Rates

A5.6 The targets for the collection of NNDR (business rates) re:

- (i) collect 97% of the business rates due within the 12 months of the financial year (i.e. April to March); and
- (ii) collect 50% of the arrears brought forward from previous years.

A5.7 The Council is due to collect £36.9m after the granting of mandatory relief in the period April 2014 to March 2015. To date the Council has collected £19.9m which is

53.9% of the business rates due in year. In the equivalent period last year the Council had collected £21.6m which equates to 59.2%.

A5.8 The total arrears outstanding at 31 March 2014 were £1.53m and this has been reduced by £0.651m which is about 44.4% of the total arrears due. Last year the Council had collected £0.532m off arrears of £1.55m which equates to around 34.3%

A5.9 There are six write offs above £5,000 which have been circulated to Members of the Overview and Scrutiny Board and are available to all Members upon request.

A5.10 The Council has written off 26 accounts in quarter one with a value of £0.115m.

Other Debtors – Housing Benefits

A5.11 The total debt written off in quarter 1 on the Benefits system is £0.029m relating to 52.

Report to Torbay Council providing an update on the Adult Social Care 2014/15 budget recovery plan

Introduction

1. This report is based on Adult Social Care financial performance to 30th September and sets out the progress being made in implementing the recovery plan to reduce the forecast overspend by the financial year end. The Council carries the risk if an overspend occurs on the In House Learning Disability budget and Independent Sector budget. As the Learning Disability service is forecast to break-even against its budget this year, this report focuses on the Independent Sector budget financial performance.

Performance as at Period 6 – 30 September 2014

2. The Trust is reporting a forecast overspend on the ASC Independent Sector budget at period 6 of £492k, which is an improvement of £287k in the previous period forecast of £779k. Details of financial performance by service area and by care type are set out in Appendices 1a and 1b respectively.
3. Progress in delivering the 2014/15 Cost Improvement Programme (CIP) at period 6 is set out in Appendix 2. Members will note that of the £2,461k Independent Sector CIP target, 69%, £1,694k, is forecast to be delivered in 2014/15 based on savings delivered for the period.

Financial Recovery plan

4. The action plan to mitigate the risk of an end of year overspend and progress made since period 6 is described below: -
 - i. **Management of demand**, in particular short term residential care which relates to respite and emergency placements. We have implemented further controls in respect of authorisation of emergency placements. This is to ensure placements are appropriate and prevent long term dependency on residential services.
Progress: the impact of these additional controls is currently assessed as having saved a further £33k.

ii. **Respite care:** we are reassessing users of short term respite against eligible need and offering respites services within the limits of the personal allowance.

Progress: a respite policy has been drafted which is currently undergoing an internal review process before public consultation is undertaken. No savings are anticipated before 2015/16.

iii. **Short break vouchers:** We are reviewing the uptake of short break vouchers to ensure appropriate use and that the cost is within the personal allowance.

Progress: this work is in hand but no savings are expected before 2015/16

iv. **Improving delivery of savings on the care package reviews:** -

a. We have established a review team of drawn proportionally from all adult service areas who will focus on the reassessment and review of packages of care between £70 and £600 per week. This team will continue this work for the remainder of the financial year and we expect that all reviews will be completed within this timeframe. Individual staff will work to set targets and this activity will run alongside normal review activity within zones as part of day to day business.

b. We are defining specific categories of service users to review which will be against FACS eligibility

c. There are detailed operational plans underpinning these schemes.

Progress: details are set out below: -

There are 930 cases held within the database provided to the Reassessment Team. During October, the following progress has been made:

- 135 cases have been allocated to members of the Reassessment Team for review
- 27 reviews have been completed by the Reassessment Team in October, 41 to date
- 48 are open to the under 65 mental health team for review, 5 have been completed to date

The table below illustrates achievements made to date:

| | Savings realised in August and September 2014 | Savings realised in October 2014 | Total |
|--------------------------|---|----------------------------------|----------|
| Weekly increase | (£17) | (£17) | (£34) |
| Weekly savings | £500 | £2,107 | £2,607 |
| Total of savings in year | £16,707 | £49,753 | £66,460 |
| Total FYE | £25,085 | £108,706 | £133,791 |

If this level of savings continues for the remainder of the year, a further contribution to the financial recovery plan of £167,000 will be achieved. However, it should be noted that a reassessment of care packages can also result in an increase in costs.

v. Alternative savings schemes that would not need consultation

We are developing an enhanced brokerage service for high end specialist packages of care to ensure best value and better market control. This process will harmonise with the commissioning of Continuing Health Care packages.

Progress in hand but no savings anticipated in 2014/15

vi. Bringing forward 2015/16 savings:

Progress: apart from accelerating the review of care packages, the Trust is not in a position to advance any of the planned 2015/16 savings into 2014/15

5. The actions described above will potentially reduce the yearend forecast deficit by £200k to £292k. A reduction in residential long stay clients in October could add further savings (net) of £130k unless new long stay placements are made. There are a number of caveats surrounding this forecast, in particular: -
- i. No increase in ordinary residence cases over the £152k budget
 - ii. No price pressures arising out of the current market testing exercise for domiciliary care
 - iii. Activity pressures on the social care work force do not prevent progress in implementing CIP schemes. In particular: -
 - a. Safeguarding referrals as at the end of October currently stand at an increase of 30% over 2013/14
 - b. Whole home investigation: there have been four to date this year which is on a par with 2013/14
 - c. Provider of Concern: there have been eleven providers that have gone, or are still going through, the provider of concern process since April 2014.
15. Commissioners will continue to work with providers to examine other schemes to bring the budget into a balanced position by the financial year end.

ASC Independent Sector Financial Performance Statement for the Year Ending 2014/15 (Zone /Team basis)

Period 6 - 30/09/2014

| Expenditure Type | Annual Budget | Forecast | Variance |
|------------------------|---------------|----------------|--------------|
| | £000 | £000 | £000 |
| Expenditure | | | |
| Brixham | 2,716 | 2,820 | 104 |
| Torquay | 9,198 | 9,425 | 227 |
| Paignton | 6,650 | 6,713 | 63 |
| Learning Disabilities | 10,658 | 10,538 | -120 |
| Older General | 1,094 | 1,090 | -4 |
| MHu65 Mental Illness | 2,858 | 3,247 | 389 |
| MHu65 Dementia | 150 | 31 | -119 |
| MHu65 Substance Misuse | 169 | 169 | -0 |
| MHo65 | 5,378 | 5,947 | 569 |
| O/R | 152 | 153 | 1 |
| Total | 39,023 | 40,132 | 1,109 |
| Income | | | |
| Brixham | -928 | -1,075 | -147 |
| Torquay | -2,711 | -2,822 | -111 |
| Paignton | -2,496 | -2,481 | 15 |
| Learning Disabilities | -838 | -970 | -132 |
| Older General | -34 | -29 | 5 |
| MHu65 Mental Illness | -344 | -354 | -10 |
| MHu65 Dementia | -55 | -11 | 44 |
| MHu65 Substance Misuse | -9 | -9 | 0 |
| MHo65 | -2,287 | -2,569 | -282 |
| Total | -9,702 | -10,319 | -617 |
| NET COST | 29,321 | 29,813 | 492 |

Period 6 - 30/09/2014

| Expenditure Type | Activity description | Annual Budget | | | Forecast | Variance |
|--|----------------------|---------------|---------------|-----------|----------------|--------------|
| | | Activity | £000 | Unit Cost | £000 | £000 |
| Care type | | | | | | |
| Residential Long Stay | Bed Weeks | 37,152 | 17,493 | £470.85 | 17,551 | 58 |
| Residential Short Stay | Bed Weeks | 2,731 | 1,226 | £448.97 | 1,474 | 248 |
| Nursing Long Stay | Bed Weeks | 4,589 | 2,378 | £518.24 | 2,582 | 204 |
| Nursing Short Stay | Bed Weeks | 254 | 125 | £491.24 | 165 | 40 |
| Direct Payments | Weeks | 19,801 | 5,872 | £296.55 | 5,961 | 89 |
| SWAPS | Bed Weeks | 1,017 | 315 | £309.80 | 411 | 96 |
| Domiciliary Care | | | 8,315 | | 8,813 | 498 |
| Day Care | | | 1,392 | | 1,341 | -51 |
| O/R | | | 152 | | 153 | 1 |
| Total | | | 37,268 | | 38,451 | 1,183 |
| ISC Adjustments | | | | | | |
| DP Reclaims | | | -414 | | -430 | -16 |
| Net Contract Adjustments | | | -436 | | -406 | 30 |
| IPP Recode | | | -110 | | -161 | -51 |
| Intermediate Care Recharge | | | -97 | | -97 | 0 |
| Total | | | -1,057 | | -1,094 | -37 |
| Other Expenditure Areas | | | | | | |
| £500 One Off Individual Negotiated Payments | | | 0 | | -56 | -56 |
| Voluntary Block Contracts | | | 211 | | 220 | 9 |
| Supported Living Block (Learning Disability) | | | 378 | | 378 | 0 |
| Day Care Transport | | | 154 | | 154 | 0 |
| Residential / Community Recovery Service (MHu65) | | | 314 | | 305 | -9 |
| Staffing (MHU65 & Subs) | | | 580 | | 607 | 27 |
| Residential / Intermediate Care Block (Older) | | | 868 | | 873 | 5 |
| Bad Debt Provision | | | 196 | | 196 | 0 |
| Other | | | 111 | | 97 | -14 |
| Total | | | 2,812 | | 2,775 | -37 |
| TOTAL EXPENDITURE | | | 39,023 | | 40,132 | 1,109 |
| INCOME | | | | | | |
| Residential Long Stay | | 37,152 | -6,668 | -£179.48 | -6,783 | -115 |
| Residential Short Stay | | 2,731 | -479 | -£175.41 | -490 | -11 |
| Nursing Long Stay | | 4,589 | -902 | -£196.58 | -1,012 | -110 |
| Nursing Short Stay | | 254 | -35 | -£137.55 | -95 | -60 |
| Domiciliary Care | | 0 | -959 | | -1,170 | -211 |
| Day Care | | 0 | -207 | | -240 | -33 |
| OLA In House | | | -159 | | -156 | 3 |
| OLA Independent Sector | | | -252 | | -345 | -93 |
| Other | | | -41 | | -27 | 14 |
| Income total | | | -9,702 | | -10,319 | -617 |
| NET COST | | | 29,321 | | 29,813 | 492 |

Adult Social Care CIP Schedule 2014/15 Month 6

Appendix 2

Operations

Community Alarms Charging

-94

Community Alarms Withdrawal

-48

LDDF

-17

-17

Carers Services

-18

-18

Back office savings / redesign of Care Model

-100

-100

Operation Total

-277

-135

49%

In House LD

LD In House Review

-150

-150

In House LD Total

-150

-150

100%

Independent Sector

2013/14 recurrent under spend

-500

-500

Sandwell Dom Care Block Contract Mgt

-75

50

Review of High Cost Clients (over £606 per week)

-500

-716

Review of enhanced & medium cost clients (non residential between £70.01 to £606 per week)

-350

34

Review of Low cost clients (under £70 per week)

-400

4

Residential & Nursing Care standard & non standard fee rates (under £606 per week)

-371

-310

Non Residential charging policy

-50

-50

£500 payments to LD / MH Homes

-122

-122

LD Transport

-40

-40

Voluntary Block Contracts

-38

-29

Thera Block contract

-15

-15

Independent Sector Total

-2,461

-1,694

69%

Total

-2,888

-1,979

69%

Appendix 2 (b)

BRIEFING PAPER: TORBAY COMMUNITY EQUIPMENT SERVICE

1. BACKGROUND

- 1.1 The Torbay Community Equipment Service is a joint contract with Torbay Council and the CCG, with the Council as lead commissioner. Based upon spend in the first half of the year there is a projected overspend.
- 1.2 If no action is taken by Commissioners, the forecast overspend will be £700k, half of which the CCG would be responsible for.
- 1.3 The contract is set up as a 100% “credit back” model. This means that items of equipment are bought by the Authority to be used in the community. When this equipment is returned, the company credit the Authority the full cost of that equipment. The Authority is charged for delivery and collection of the equipment, as well as for any maintenance and repair work that is needed.
- 1.4 The service expected a high financial outlay for the first few months of the new contract, whilst the initial stock was purchased, but had anticipated this being refunded as the equipment came back from the community (including the old stock from prior to April 2014). This has not been realised, largely due to issues during the transition to the new contract.
- 1.5 The main reason for the overspend is that the demand for the service has far exceeded expectations (currently twice the anticipated level). Wider strategic objectives to reduce hospital admissions, minimise delays in hospital discharge, and to treat people in the community have led to a large quantity of equipment being ordered.
- 1.6 In addition to this, a lot of equipment being ordered tends to be higher value (e.g. pressure relieving mattresses and hoists) so the initial cost against the contract is high. This cost will not be recouped until the equipment is no longer required and is returned to the store and the timescales for this have been longer than previously seen.

2. RECOVERY PLAN

- 2.1 Commissioners have begun a proactive collection process, chasing up items of equipment that are out beyond the loan period indicated at the time of ordering. By cleaning up historical data the service will be able to identify the large amount of stock in the community pre April 2014 that could be collected. There is potential for this activity to bring in up to £300k in collection credits, although this will depend on how much of this equipment is still in a usable condition. A pragmatic estimate would be closer to £150k.
- 2.2 Discussions are taking place with the provider regarding a change in the contract model. This would result in £50k - £100K reduction in the forecast overspend.
- 2.3 A further £50k may be saved through other changes in ordering practice.

3. SUMMARY

- 3.1 Planned actions detailed in Section 2 above could recoup £300k - £450k. Commissioners are due to meet with NRS and the Council’s legal adviser to agree the financial model on 12th November, and the process of arranging the additional collections have already begun.

By virtue of
Regulation 21(1)(A) of the Local Authorities (Executive
Arrangements) (Access to Information) (England)
Regulations 2000.

Document is Restricted



Meeting: Overview & Scrutiny Board
Council

Date: 26th November 2014
4th December 2014

Wards Affected: All

Report Title: Capital Investment Plan Update - 2014/15 Quarter 2

Executive Lead Contact Details: mayor@torbay.gov.uk

Supporting Officer Contact Details: martin.phillips@torbay.gov.uk

1 Purpose

- 1.1 The Council's capital investment plan with its investment in new and existing assets is a key part of delivering the Council's outcomes. This is the second Capital Monitoring report for 2014/15 under the Authority's agreed budget monitoring procedures. It provides high-level information on capital expenditure and funding for the year compared with the latest budget position as reported to Council in September 2014.

2 Proposed Decision

Overview & Scrutiny Board

- 2.1 **That Members note the latest position for the Council's Capital expenditure and income for 2014/15 and consider any recommendations to Council.**

Council

- 2.2 **Council note the latest position for the Council's Capital expenditure and funding for 2014/15.**

3 Reasons for Decision

- 3.1 Quarterly reporting to both the Overview and Scrutiny Board and to Council is part of the Council's financial management process and the Capital Investment Plan forms part of that process.

4 Summary

- 4.1 Members of the Overview and Scrutiny Board and Council receive regular budget monitoring reports on the Council's Capital Investment Plan throughout the year. The Council's four year Capital Investment Plan is updated each quarter through the year. This report is the monitoring report for the second quarter 2014/15 and includes variations arising in this quarter to the end September 2014
- 4.2 The overall funding position of the 4-year Capital Investment Plan Budget of £69.5 million, covering the period 2014/15 – 2017/18, is in balance but still relies upon the generation of £4.1 million of Capital income from capital receipts and capital contributions over the life of the Capital Investment Plan.
- 4.3 Of this £4.1m, £3.6 million was required from capital receipts before the end of the current Plan period. Of this sum £1.5 million has been received by the end of September, leaving a balance of £2.1 million still to be realised. It is only after this target has been reached that any capital receipts should be applied to new schemes.

- 4.4 The Plan also requires a total of £0.5m from capital contributions including community infrastructure levy. In addition £2.1m is due to be generated from S106 contributions to part fund the South Devon Link Road.
- 4.5 As the target income for capital receipts and capital contributions are required to meet existing Council commitments, it is important that any capital income raised is allocated to existing commitments and not used to support additional expenditure on new schemes.

5 Supporting Information

- 5.1 The original capital budget approved by Council in February 2014 was £26.4 million. That has been subsequently revised for re profiling of expenditure from 2013/14, new schemes and re profiling expenditure to future years. All changes with reasons have either been included in previous monitoring reports, or are detailed in this report.
- 5.2 Capital budgets of £5.1m were brought forward to 2014/15 to enable schemes not completed or progressed in 2013/14 to be continued in the current year along with the funding sources for the scheme. It should also be noted that re profiling budgets often result from valid project management reasons such as scheme re engineering, further consultations and clarification with users or detailed tendering.
- 5.3 Of the total £69.5 million of the 4 year programme, £30.3 million is currently scheduled to be spent in 2014/15, including £9.0 m on the South Devon Link Road.

6 **Movements in 2014/15 Estimated expenditure**

- 6.1 The movements in the estimate of expenditure in 2014/15 on the Capital Investment Plan between the last monitoring report at June 2014 of £35.6m and the current approved budget for 2014/15 of £30.3 m, split by the categories of funding, are as follows:

| Scheme | Variation in 2014/15 | Change £m | Reason |
|---|--------------------------------|--------------|--|
| Estimate as at Q1 2014/15 | | 35.6 | Capital Investment Plan Update – 2014/15 Quarter 1 (Report 25 th Sept 2014) |
| Budget changes since Q1 2014/15 | | | |
| “Old” Funding Regime | | | |
| Childrens Services | Reallocation of budgets | 0 | Various budgets reallocated but no impact overall |
| Education Review Projects | Reprofile 14/15 budget | (0.4) | Review of likely expenditure to next financial year |
| Babbacombe Beach Road | Rephase 14/15 budget | (0.1) | Work unlikely in 14/15, so budget moved to 15/16 |
| Enhancement of Development Sites | Reschedule budget | (0.1) | Part budget moved to 15/16 |
| Torbay Enterprise Project | Reschedule part budget | (0.1) | Remaining spend likely in 15/16 |
| | | (0.7) | |
| “New” Funding Regime | | | |
| Affordable Housing | Rephase whole budget | (0.9) | Budget reprofiled evenly over 2015/16 and 2016/17 |
| Capital Repairs and Maintenance 2014/15 | Rescheduled 14/15 budget | (0.6) | Works at Furzeham Primary Ph 2 to start Easter 2015 |
| Flood Defence (Environment Agency) | Rephase budget | (0.1) | Part of budget provides match funding for future schemes |
| Princess Pier Structure | Reprofile part budget | (1.6) | Expenditure unlikely in 2014/15 |
| Torre Valley North | Reschedule part budget | (0.1) | Main work to start Spring 2015 |
| Transport Structural Maintenance | Increased resources | 0.3 | Additional DfT grant for Highways Structural Mtce |
| Transport Western Corridor | Rephase part budget to 2015/16 | (0.3) | Small delay in expected expenditure |
| | | (3.3) | |
| “New” Ring fenced funding | | | |

| | | | |
|---|--|--------------|---|
| DfT Better Bus Areas | Reduction in budget | (0.1) | Some resources transferred to Revenue |
| Local Transport Board schemes | Increased budget provision | 0.1 | Council match funding to schemes |
| Small Ports Recovery Fund - Winter 2013/14 Storm Damage | Part of Government funding package for severe storms | 0.3 | Funds provided for specific storm damaged Harbour sites |
| | | 0.3 | |
| Prudential Borrowing | | | |
| Council Fleet Vehicles | Rephased budget | (0.1) | Funding re phased to reflect revised spending plans. |
| Empty Homes Scheme | Reinstated budget | 0.4 | Budget reinstated from Torquay Harbourside scheme |
| | Rephased budget | (0.3) | Review of likely spend profile |
| Paignton Cyclopark | Reduced budget | (0.7) | Removal of veldrome plans from project |
| South Devon Link Road | Re profile to 2014/15 | (0.5) | Latest profile of expenditure for this major scheme |
| Torquay Harbourside | Budget removed | (0.4) | Scheme currently deferred awaiting funding sources |
| | | (1.6) | |
| General Capital Contingency | | | |
| General Contingency | | | |
| | | 0 | |
| Estimate – Quarter Two 2014/15 | | 30.3 | |

7 Expenditure

- 7.1 The Council approved the original 4-year Capital Investment Plan Budget for the period 2012/13 – 2015/16 in February 2012. This plan has been subsequently updated for any further revision to both projects and timing, resulting in the latest revision attached to Annex 1. The Plan now totals £69.5 million over the 4 year period of which £30.3 million relates to 2014/15 and £18.1 million relates to 2015/16
- 7.2 The purpose of this report and the Monitoring statement attached is to highlight any existing or potential issues which may affect the delivery of the major projects included in the Plan and to consider any potential effect on corporate resources.
- 7.3 Expenditure to the end of this second quarter was £6.5 million with a further £11 million of commitments on the Council's finance system. The expenditure of £6.5 million is only 21% of the latest budget for 2014/15. This compares with £8 million (or 46% of outturn) for the second quarter last year. It is recognised that for a number of schemes, notably the South Devon Link Road (14/15 budget £9m), the Council will not incur significant expenditure until later in the year.

| | 2009/10 £m (%) | 2010/11 £m (%) | 2011/12 £m (%) | 2012/13 £m (%) | 2013/14 £m (%) | 2014/15 £m (%) |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Quarter One | 8 (16%) | 10 (23%) | 3 (14%) | 2 (11%) | 4 (23%) | 2 (6%) |
| Quarter Two | 11 (22%) | 13 (30%) | 7 (32%) | 4 (21%) | 4 (23%) | 4 (15%) |
| Quarter Three | 13 (27%) | 9 (21%) | 5 (22%) | 5 (26%) | 3 (18%) | - |
| Quarter Four | 17 (35%) | 11 (26%) | 7 (32%) | 8 (42%) | 6 (35%) | - |
| Total In Year | 49 | 43 | 22 | 19 | 17 | 30 |

Main Variations & Management Action

8 "New Funding Regime"

- 8.1 An estimate of funds was identified in the Capital Investment Plan (February 2012) for the four years of the Plan, which was provisionally allocated to a number of "priority" areas.

- 8.2 The Capital Investment Plan as at 2014/15 Quarter Two shows the approved schemes to the extent that funding has been received or confirmed. Where the value of the approved schemes exceeds the known funding, temporary prudential borrowing has been used pending the future receipt of funds, at which point the funding will be swapped. However if funding is not realised, such as lower than anticipated grant funding, then the Capital Investment Plan will have to be reduced accordingly or alternative sources of funding allocated such as prudential borrowing.
- 8.3 Scheme Updates:
- 8.4 School Basic Need projects: There have been a few minor adjustments to the allocations and/or phasing of budgets between years at various sites but these changes have no impact on the overall budget position.
- 8.5 Schools Capital Repairs and Maintenance 2014/15: The bulk of this budget is required for much needed improvement works at Furzeham Primary. Phase 2 works here will commence at Easter 2015 so £0.62 m of the budget has been transferred to 2015/16
- 8.6 Affordable Housing: Allocations to particular schemes are still to be confirmed so the 2014/15 budget of £0.9 m has been moved to future years and spread between 2015/16 and 2016/17.
- 8.7 Flood Defence Schemes – This budget covers works at a number of cliff and sea wall locations, including Manscombe Quarry, Torquay where last winter's severe weather caused further deterioration increasing the extent and cost of the works. Currently there is a potential overspend of £0.065 m at Manscombe however it may be possible to offset some of these extra costs from savings on some of the other cliff and sea wall schemes. Officers are awaiting final accounts on some schemes and will be in a better position to determine likely outturn in coming months.
- 8.8 Princess Pier Structural Repair – This budget is provided to enable work to the superstructure and whilst some relatively minor work may be required in the short term the majority of this funding will not be used until funding for the substructure is secured. Consequently £1.7m of the budget has been moved to 2015/16.
- 8.9 Torre Valley North Enhancements – Works are planned to start later this year but will likely spread into next year and so part of the budget (£0.062 m) has been rescheduled to 2015/16.
- 8.10 Transport Structural Maintenance – The Dept for Transport provided additional grant support to authorities to help deal with damage to roads caused by last winter's storms. £0.322 m of this funding is to fund capital improvements so this budget has been increased accordingly.
- 8.11 Western Corridor – preliminary work on this scheme continues however some delays mean part of budget (£0.3m) will not now be required until next financial year. The scheme will involve the purchase of property where land is required for the project.

9 **"Old Funding Regime"**

This section relates to the schemes in the Capital Investment Plan that were allocated to services from capital funding that originated in 2011/12 and earlier financial years.

9.1 Children's Services:

Children's Centres: A further £0.02 m has been reallocated to the Torbay School Hillside scheme to cover additional costs.

Education Review budget. – Again much of this budget provision is not likely to be required for further projects until next year so £0.4 m has been moved to next financial year.

- 9.2 Babbacombe Beach Road £0.07 m – work on this scheme has still to be scheduled so the budget has been transferred to next financial year.
- 9.3 Enhancement of Development Sites – Some expenditure will be incurred during the current financial year but it is now anticipated that £0.15 m of the budget will not be used until next year.
- 9.4 Hele's Angels Housing Scheme – This scheme is not now progressing so the small £0.005 m funding has been transferred to the Affordable Housing budget line for reallocation

9.5 Torbay Enterprise Project. Part of the funding has been used this year to facilitate a property acquisition but £0.1 m of the budget has been moved to next year when the remaining funding is likely to be required, to provide facilities to assist people in to work and independent living.

10 **“New” Ring fenced funding**

10.1 Better Bus Areas – part of the funding provided for this scheme is identified for revenue expenditure, so £0.078 m has been transferred to revenue to fund this work.

10.2 Dept for Transport Small Ports Recovery Fund – Following a successful bid for funding, the DfT have awarded funds of £0.295 m to repair specific storm damaged sites around the Tor Bay Harbours. This funding is in addition to other severe weather funding we have received and reported previously e.g. Environment Agency, Highways Structural Maintenance and Bellwin (revenue) schemes

10.3 Local Transport Board: Initial development work amounting to £0.125 m on two of these schemes at Torquay Gateway and Torquay Town Centre Access schemes is required and is being funded from revenue contributions and earmarked Reserves. The other schemes currently included under this budget heading are Western Corridor and Edginswell Station.

11 **Schemes funded from Prudential Borrowing**

11.1 South Devon Link Road: A further review of the level of Torbay’s contribution to this project in this financial year indicates that around £9 m will be needed. As a result £0.5m has now been rescheduled to next financial year. The project is still expected to be completed in December 2015.

11.2 Paignton Cyclopark – The velodrome part of the project will not now proceed as a result of increased forecast costs, and British Cycling have indicated they will not now support the scheme. Consequently the project budget has been reduced by £0.760 m to reflect the loss of this part of the scheme.

11.3 Empty Homes Scheme – resources have been reinstated for this scheme although expenditure plans are still under discussion with the majority of expenditure not expected to materialise until the next two financial years, requiring £0.3m to be transferred to future years.

11.4 Fleet vehicles: A small rephasing of the budget has been made to reflect reduced costs and revised expenditure plans.

11.5 Torquay Harbourside Public Realm £0.350m – Council rejected a recommendation to fund this work from resources originally allocated to the empty homes scheme. Plans are being reviewed to identify alternative resources to deliver this scheme but at present the budget has been removed, awaiting funding.

12 **Contingency**

12.1 The Council has approved a capital contingency of £0.6 million. This contingency is still in place to provide for unforeseen emergencies or shortfall in projected income over the 4-year Plan period but represents less than 1% of the total Capital Investment Plan budget. Currently it is not anticipated that the contingency will be required in this financial year.

13 **Receipts & Funding**

13.1 The funding identified for the latest Capital Investment Plan budget is shown in Annex 1. This is based on the latest prediction of capital resources available to fund the budgeted expenditure over the next 4 years. A summary of the funding of the Capital Investment Plan is shown in the Table below:

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Total @ Q2 14/15 |
|-----------------------|-----------|-----------|-----------|----------|---------------------|
| | A | B | C | D | E |
| Funding | £m | £m | £m | £m | £m |
| Supported Borrowing | 1 | 0 | 0 | 0 | 1 |
| Unsupported Borrowing | 13 | 7 | 3 | 4 | 27 |
| Grants | 13 | 9 | 8 | 5 | 35 |
| Contributions | 1 | 0 | 0 | 0 | 1 |
| Reserves | 1 | 1 | 0 | 0 | 2 |
| Revenue | 0 | 0 | 1 | 0 | 1 |
| Capital Receipts | 1 | 1 | 0 | 0 | 2 |
| Total | 30 | 18 | 12 | 9 | 69 |

Notes to Table:

Column E – reflects the Capital Investment Plan as at Quarter Two 2014/15 and shows the approved schemes to the extent that funding has been received or confirmed. Where the value of the approved schemes exceeds the known funding, temporary prudential borrowing has been used pending the future receipt of funds, at which point the funding will be swapped.

Grants

13.2 Capital Grants continue to be the major funding stream (over 60% in 12/13 and 13/14) for the Council to progress its investment plans. An element of these grants result from “bid” processes from other public sector bodies. The Council used £10.6 million of grants in 2013/14 and is currently estimating to use £13m of grants in 2014/15.

13.3 Since the last Capital update (Quarter 1 2014/15) reported to Council in September 2014, the Council has been notified of the following capital grant for 2014/15.

Dept. of Health – Autism Innovation Grant. This is a small one-off un-ring fenced capital grant of £0.0185 m with the intended purpose of “making environments used by people with autism, such as public buildings, more autism friendly or for assisting people with autism through the purchase of new equipment or IT. This grant is to be considered in line with Think Autism”, the update to the 2010 Adult Autism Strategy. It is currently proposed that the grant be used to enable suitable enhancements for Autistic people within Council owned buildings.

Capital Receipts –

13.4 The approved Plan relies upon the generation of a total of £3.4 million capital receipts from asset sales by the end of 2016/17 of which £1.5m has now been received by the end of September leaving a target of £2.1 m to be achieved. This target is expected to be achieved provided that -

- approved disposals currently “in the pipeline” are completed
- the Council continues with its disposal policy for surplus and underused assets and,
- no more new (or amended) schemes are brought forward that rely on the use of capital receipts for funding.

13.5 Assets proposed for disposal are reported to Council for approval, with the latest report at Council in October 2014.

Capital Contributions – S106 & Community Infrastructure Levy

13.6 The general target for securing capital contributions to fund the 4-year Capital Investment Plan, following review of the Budget in February 2013 was £0.5 million (required by March 2016). In addition the South Devon Link Road business case estimated external contributions including s106 payments of £2.1m to help fund the scheme (£0.085m, received to date).

13.7 The intention is that capital contributions are applied to support schemes **already approved** as part of Capital Investment Plan and not allocated to new schemes unless the agreement with the developer is specific to a particular scheme outside the Capital Investment Plan.

- 13.8 Income from Section 106 capital contributions so far in 2014/15 only amount to £0.1 million, however there are accumulated payments of £0.33 m Education contributions which have been used to replace unsupported borrowing resources previously allocated to Education. In addition Housing S106 contributions of £0.09 m have been received and added to the Affordable Housing capital budget.

14 Borrowing and Prudential Indicators

- 14.1 The Council set its Prudential Indicators and monitoring arrangements for affordable borrowing in February 2014. The Authorised Limit for External Debt including long term liabilities (the maximum borrowing the Council can legally undertake) and the Operational Boundary (the day-to-day limit for cash management purpose) are monitored on a daily basis by the Executive Head of Finance and reported to Members quarterly.

The limits are as follows

- **Authorised Limit** £231 million
- **Operational Boundary** £161 million

External Debt, and long term liabilities, such as the PFI liability, as at end of September 2014 was £146.8 million. The current level of debt is within the Operational Boundary and the Authorised Limit set for the year. No management action has been required during the quarter.

- 14.2 The only anticipated change to the level of Council's liabilities in 2014/15 is the PFI scheme for the Energy from Waste facility plant in Plymouth. If this scheme is judged to be an asset to be recognised on the Council's balance sheet then a corresponding liability will also need to be recognised.
- 14.3 The Council's capital expenditure has an overall positive impact on the Council's Balance Sheet. Expenditure in the Capital Investment Plan on the Council's own assets will increase the value attached to the Council's fixed assets. As at 31 March 2014 the Council's "Non Current Assets" were valued at £265 million.

15 Possibilities and Options

- 15.1 Council could consider reducing the Capital Investment Plan to reflect any potential reduction in capital receipts or other capital resources.

16 Consultation

- 16.1 Where appropriate individual capital schemes have public consultation and negotiation with stakeholders.

17 Risks

- 17.1 That capital receipts, other capital contributions such as S106 and Community Infrastructure Levy and future year grant allocations will not be received to support the plan.
- 17.2 The contingency is approximately 1.6% of total planned expenditure on a total programme of £69 million. There could be inflationary cost pressures on the programme thus increasing expenditure.

Appendix

Annex 1 Capital Investment Plan Budget 2014/15 – 2017/18 (as at October 2014)

CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- EXPENDITURE

Annex 1

| | Expend in Prev Years (active schemes only) | Revised 4-year Plan Oct 2014 | | | | | Total for Plan Period | | | | | | |
|---|--|---|---------------------------------|---------------------------|---------------------------|--------------------|--------------------------|---------|---------|---------|-------|---|-------|
| | | Actuals & Commitments 2014/15 Qtr 2 | Previous 2014/15 Q1 14/15 | 2014/15 Q2 Adjustments | New Schemes 2014/15 | 2014/15 Revised | | 2015/16 | 2016/17 | 2017/18 | | | |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | £'000 | | |
| Old Funding Regime (pre 12/13) | | | | | | | | | | | | | |
| Adults & Resources | | | | | | | | | | | | | |
| Mental Health Care Initiatives | - | | 7 | | | | | | | | | | 7 |
| Various ICT Improvements | - | | 15 | | | | | | | | | | 15 |
| | 0 | 0 | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22 |
| Childrens, Schools & Families | | | | | | | | | | | | | |
| Asbestos Removal | - | | 7 | | | | | | | | | | 7 |
| Barton Primary Cap Project | 3,927 | 392 | 573 | | | | | | 0 | | | | 573 |
| Capital Repairs & Maintenance 2011/12 | - | | 6 | | | | | | | | | | 6 |
| Childrens Centres | 219 | 8 | 143 | | (20) | | | | | | | | 123 |
| Education Review Projects | - | 1 | 496 | | (401) | | | | | 400 | | | 495 |
| EOTAS Halswell House | 48 | | 1 | | | | | | | | | | 1 |
| Preston Primary - ASD Unit | 1,515 | 1 | 0 | | 1 | | | | | | | | 1 |
| Short Breaks for Disabled Children | - | | 9 | | (9) | | | | | | | | 0 |
| Torbay School Hillside | - | 68 | 100 | | 20 | | | | | | | | 120 |
| Youth Modular Projects | - | | 51 | | | | | | | | | | 51 |
| | 5,709 | 470 | 1,386 | | (409) | | | | 0 | 400 | 0 | 0 | 1,377 |
| Place & Resources | | | | | | | | | | | | | |
| Babbacombe Beach Road | - | | 70 | | (70) | | | | | 70 | | | 70 |
| Barton Infrastructure | 95 | 29 | 43 | | | | | | | | | | 43 |
| Enhancement of Development sites | 39 | 20 | 176 | | (146) | | | | | 146 | | | 176 |
| Haldon Pier - Structural repair Phase I/2 | 2,212 | 1 | 861 | | | | | | | | | | 861 |
| NGP - HCA Match Land Acquisitions | 714 | | 590 | | | | | | | | | | 590 |
| NGP - Strategic Cycleway | 477 | (45) | 0 | | | | | | | | | | 0 |
| NGP - Torbay Innovation Centre Ph 3 | 69 | | 100 | | | | | | | 246 | | | 346 |
| NGP - Windy Corner Junction | 10 | | 1 | | | | | | | | | | 1 |
| Sanctuary HA - Hayes Road | 250 | | 250 | | | | | | | | | | 250 |
| Sanctuary HA - Langridge Road , Pgn (4 units adapt) | 44 | | 2 | | | | | | | | | | 2 |
| Hele's Angels scheme | - | 5 | 5 | | (5) | | | | | | | | 0 |
| Sea Change - Cockington Court | 3,267 | 14 | 9 | | | | | | | | | | 9 |

CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- EXPENDITURE

Annex 1

| | Expend in Prev Years (active schemes only) | Revised 4-year Plan Oct 2014 | | | | | Total for Plan Period | | | | |
|---|--|---|---------------------------------|---------------------------|---------------------------|--------------------------|--------------------------|----------|----------|----------|--------------|
| | | Actuals & Commitments 2014/15 Qtr 2 | Previous 2014/15 Q1 14/15 | 2014/15 Q2 Adjustments | New Schemes 2014/15 | Total 2014/15 Revised | | 2015/16 | 2016/17 | 2017/18 | |
| Sovereign HA - Beechfield (102 units + adapt 3 units) | 300 | | 8 | | | 8 | | | | | 8 |
| Torbay Enterprise Project | 500 | 160 | 250 | (90) | | 160 | 90 | | | | 250 |
| Public Health | 7,977 | 184 | 2,365 | (311) | 0 | 2,054 | 552 | 0 | 0 | 0 | 2,606 |
| Private Sector Renewal | - | | 58 | | | 58 | 0 | 0 | 0 | 0 | 58 |
| | 0 | 0 | 58 | 0 | 0 | 58 | 0 | 0 | 0 | 0 | 58 |
| | 13,686 | 654 | 3,831 | (720) | 0 | 3,111 | 952 | 0 | 0 | 0 | 4,063 |

CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- EXPENDITURE

Annex 1

| | Expend in Prev Years (active schemes only) | Actuals & Commitments 2014/15 Qtr 2 | Previous 2014/15 (@ Q1 14/15) | 2014/15 Q2 Adjustments | New Schemes 2014/15 | Revised 4-year Plan Oct 2014 | | | | Total for Plan Period |
|---|--|-------------------------------------|-------------------------------|------------------------|---------------------|------------------------------|---------|---------|---------|-----------------------|
| | | | | | | Total 2014/15 Revised | 2015/16 | 2016/17 | 2017/18 | |
| New Funding Regime (12/13 onwards) | | | | | | | | | | |
| Childrens, Schools & Families | | | | | | | | | | |
| Capital Repairs & Maintenance 2014/15 | | | 630 | (620) | | | 630 | 620 | | 630 |
| Capital Repairs & Maintenance 2013/14 | | 149 | 155 | | | | 155 | | | 155 |
| Capital Repairs & Maintenance 2012/13 | - | 86 | 255 | | | | 255 | 100 | | 355 |
| Cockington Primary expansion | 546 | 1,236 | 2,757 | | | | 2,757 | 70 | | 2,827 |
| Coombe Pafford Council contribution | | 100 | 100 | | | | 100 | | | 100 |
| Ellacombe Primary expansion | 2 | 15 | 50 | | | | 50 | 100 | 350 | 500 |
| Mayfield expansion | 1,311 | 9 | 9 | 9 | | | 9 | | | 18 |
| Roselands Primary expansion | 174 | 259 | 516 | | | | 516 | 10 | 500 | 1,526 |
| St Margarets Academy expansion | | 2 | 0 | 5 | | | 5 | 495 | 1,000 | 2,000 |
| St Margaret Clitherow Primary expansion | 23 | 6 | 485 | | | | 485 | 0 | | 485 |
| Torre CoE Primary expansion | 638 | 520 | 562 | | | | 562 | | | 562 |
| Warberry CoE Primary expansion | 1,054 | 99 | 646 | | | | 646 | | | 646 |
| Whiterock Primary expansion | 97 | 315 | 603 | | | | 603 | 1,500 | 1,300 | 3,403 |
| | 3,845 | 2,796 | 6,768 | (606) | 0 | | 6,162 | 2,895 | 3,150 | 13,207 |
| Place & Resources | | | | | | | | | | |
| Affordable Housing | - | | 868 | (868) | | | 868 | 715 | 716 | 1,431 |
| Flood Defence schemes (with Env Agency) | 7 | 173 | 312 | (155) | | | 157 | 155 | | 312 |
| Livermead Sea Wall structural repair | 611 | 36 | 69 | | | | 69 | | | 69 |
| Meadfoot Sea Wall structural repair | 223 | 25 | 43 | | | | 43 | | | 43 |
| Oldway Estate works | | | 400 | | | | 400 | | | 400 |
| Old Toll House, Torquay | | | 150 | | | | 150 | | | 150 |
| Princess Pier - Structural repair (with Env Agency) | - | | 1,850 | (1,650) | | | 200 | 1,650 | | 1,850 |
| Princess Promenade Phase 3 | 169 | 6 | 0 | | | | 0 | | | 0 |
| Riviera Centre renewal | 883 | 217 | 226 | 20 | | | 246 | 11 | | 257 |
| SWIM Torquay - improve facilities | 571 | 58 | 9 | | | | 9 | | | 9 |
| TCCT - Grant re Green Heart Project | | | 100 | | | | 100 | | | 100 |
| Torre Abbey Renovation - Phase 2 | 4,941 | 90 | 128 | | | | 128 | | | 128 |
| Torre Valley North Enhancements | 3 | | 124 | (62) | | | 62 | | | 124 |
| Transport - Edginswell Station | 1 | 32 | 159 | | | | 159 | | | 159 |

CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- EXPENDITURE

Annex 1

| | Expend in Prev Years (active schemes only) | Actuals & Commitments 2014/15 Qtr 2 | Previous 2014/15 Q1 14/15 | 2014/15 Q2 Adjustments | New Schemes 2014/15 | Revised 4-year Plan Oct 2014 | | | | Total for Plan Period |
|--|--|---|---------------------------------|---------------------------|---------------------------|------------------------------|--------------|--------------|------------|--------------------------|
| | | | | | | Total 2014/15 Revised | 2015/16 | 2016/17 | 2017/18 | |
| Transport Gateway Enhancement | 86 | 6 | 14 | | | 14 | | | | 14 |
| Transport Integrated Transport Schemes | - | 98 | 1,487 | | | 1,487 | 590 | (132) | (528) | 1,417 |
| Transport Structural Maintenance | - | 327 | 1,036 | 322 | | 1,358 | 840 | | | 2,198 |
| Transport Western Corridor | 65 | 4 | 540 | (300) | | 240 | 300 | | | 540 |
| Public Health | 7,560 | 1,072 | 7,515 | (2,693) | 0 | 4,822 | 4,323 | 584 | (528) | 9,201 |
| Disabled Facilities Grants | - | 172 | 427 | | | 427 | 519 | 0 | 0 | 946 |
| | 0 | 172 | 427 | 0 | 0 | 427 | 519 | 0 | 0 | 946 |
| | 11,405 | 4,040 | 14,710 | (3,299) | 0 | 11,411 | 7,737 | 3,734 | 472 | 23,354 |

CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- EXPENDITURE

Annex 1

| | Expend in Prev Years (active schemes only) | Actuals & Commitments 2014/15 Qtr 2 | Previous 2014/15 Q1 14/15 | 2014/15 Q2 Adjustments | New Schemes 2014/15 | Revised 4-year Plan Oct 2014 | | | | Total for Plan Period | |
|---|--|---|---------------------------------|---------------------------|---------------------------|------------------------------|---------|---------|---------|--------------------------|--------|
| | | | | | | Total 2014/15 Revised | 2015/16 | 2016/17 | 2017/18 | | |
| <i>New Ring Fenced or Specific Funding (12/13)</i> | | | | | | | | | | | |
| Adults & Resources | | | | | | | | | | | |
| Payroll Project | 0 | 220 | 370 | | | 370 | 0 | 0 | 0 | 370 | 370 |
| Childrens, Schools & Families | | | | | | | | | | | |
| 2 Year Olds Provision | 60 | | 193 | | | 193 | 0 | 0 | 0 | 193 | 193 |
| Devolved Formula Capital | | 79 | 274 | | | 274 | 0 | 0 | 0 | 274 | 274 |
| Key Stage 1 Free School Meals | | 55 | 122 | | | 122 | | | | 122 | 122 |
| Place & Resources | | | | | | | | | | | |
| Brixham Harbour - Victoria Breakwater | 46 | (6) | 4 | | | 4 | 0 | 0 | 0 | 4 | 4 |
| DFT Better Bus Areas | 62 | 149 | 478 | (78) | | 400 | 0 | 0 | 0 | 400 | 400 |
| DFT Local Sustainable Transport Fund (Ferry/Cycle) | 1,344 | 136 | 164 | | | 164 | 0 | 0 | 0 | 164 | 164 |
| Env Agency - Winter 2013/14 Storms damage | | 382 | 408 | | | 408 | | | | 408 | 408 |
| Local Transport Board schemes | | 19 | 0 | | 125 | 125 | 2,900 | 6,900 | 5,425 | 15,350 | 15,350 |
| Public Toilets - Utilities saving measures | 61 | 27 | 38 | | | 38 | 0 | 0 | 0 | 38 | 38 |
| Riviera Renaissance (Coastal Communities Fund) | 479 | 170 | 170 | | | 170 | 0 | 0 | 0 | 170 | 170 |
| Small Ports Recovery Fund - Winter 13/14 | | 90 | | | 295 | 295 | | | | 295 | 295 |
| Torbay Leisure Centre - structural repairs | 519 | 26 | 26 | | | 26 | 0 | 0 | 0 | 26 | 26 |
| | 2,511 | 993 | 1,288 | (78) | 420 | 1,630 | 2,900 | 6,900 | 5,425 | 16,855 | 16,855 |
| | 2,571 | 1,347 | 2,247 | (78) | 420 | 2,589 | 2,900 | 6,900 | 5,425 | 17,814 | 17,814 |
| <i>Prudential Borrowing Schemes</i> | | | | | | | | | | | |
| Place & Resources | | | | | | | | | | | |
| Beach Hut Acquisition/Renewal (Broadlands, Meadfoot) | 601 | 517 | 1,390 | | | 1,390 | 103 | 225 | | 1,390 | 1,390 |
| Council Fleet Vehicles | 227 | 34 | 195 | (63) | | 132 | | | | 235 | 235 |
| Empty Homes Scheme | 0 | | 0 | 50 | | 50 | 225 | | | 500 | 500 |
| Office Rationalisation Project Ph 2 - Project Remainder | 8,079 | 132 | 587 | 20 | | 607 | | | | 607 | 607 |

CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- EXPENDITURE

Annex 1

| | Expend in Prev Years (active schemes only) | Actuals & Commitments 2014/15 Qtr 2 | Previous 2014/15 Q1 14/15 | 2014/15 Q2 Adjustments | New Schemes 2014/15 | Revised 4-year Plan Oct 2014 | | | | Total for Plan Period |
|---|--|---|---------------------------------|---------------------------|---------------------------|------------------------------|---------|---------|---------|--------------------------|
| | | | | | | Total 2014/15 Revised | 2015/16 | 2016/17 | 2017/18 | |
| On Street Parking meters | 804 | 51 | 53 | | | 53 | | | | 53 |
| Paignton Velodrome Cyclopark | 477 | 412 | 1,083 | (760) | | 323 | | | | 323 |
| Princess Promenade (Western Section) Repairs | 3,834 | (47) | 0 | | | 0 | | | | 0 |
| South Devon Link Road - Council contribution | 1,310 | 9,001 | 9,507 | (507) | | 9,000 | 5,507 | 1,500 | 2,907 | 18,914 |
| Street Lighting - Energy reduction | | 430 | 515 | | | 515 | | | | 515 |
| TOR2 grant - Refuse transfer vehicles | | | 378 | | | 378 | | | | 378 |
| Torquay Harbourside Public Realm | | | 350 | (350) | | 0 | | | | 0 |
| Torre Abbey Pathway | 47 | | 3 | | | 3 | | | | 3 |
| Torquay Inner Harbour Pontoons | 135 | 774 | 765 | | | 765 | | | | 765 |
| | 15,514 | 11,304 | 14,826 | (1,610) | 0 | 13,216 | 5,835 | 1,725 | 2,907 | 23,683 |
| | 15,514 | 11,304 | 14,826 | (1,610) | 0 | 13,216 | 5,835 | 1,725 | 2,907 | 23,683 |

CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- EXPENDITURE

Annex 1

| | Expend in Prev Years (active schemes only) | Actuals & Commitments 2014/15 Qtr 2 | Previous 2014/15 Q1 14/15 | 2014/15 Q2 Adjustments | New Schemes 2014/15 | Revised 4-year Plan Oct 2014 | | | | Total for Plan Period | |
|---|--|---|---------------------------------|---------------------------|---------------------------|------------------------------|---------------|---------------|--------------|--------------------------|---------------|
| | | | | | | Total 2014/15 Revised | 2015/16 | 2016/17 | 2017/18 | | |
| Contingency | | | | | | | | | | | |
| General Capital Contingency | 0 | | 0 | | | 0 | 631 | 0 | 0 | 631 | 631 |
| | 0 | | 0 | | 0 | 0 | 631 | 0 | 0 | 631 | 631 |
| TOTALS | 43,176 | 17,345 | 35,614 | (5,707) | 420 | 30,327 | 18,055 | 12,359 | 8,804 | 69,545 | 69,545 |
| CAPITAL INVESTMENT PLAN - QUARTER 2 2014/15- FUNDING | | | | | | | | | | | |
| Supported Borrowing | | | 504 | (67) | | 437 | 67 | | | 504 | 504 |
| Unsupported Borrowing | | | 15,888 | (2,032) | | 13,856 | 6,982 | 2,720 | 3,907 | 27,465 | 27,465 |
| Grants | | | 16,005 | (2,795) | 295 | 13,505 | 8,548 | 8,481 | 4,512 | 35,046 | 35,046 |
| Contributions | | | 374 | 155 | | 529 | 285 | 3 | | 817 | 817 |
| Reserves | | | 702 | 53 | 105 | 860 | 771 | 100 | 385 | 2,116 | 2,116 |
| Revenue | | | 649 | (280) | 20 | 389 | 300 | 505 | | 1,194 | 1,194 |
| Capital Receipts | | | 1,492 | (741) | | 751 | 1,102 | 550 | | 2,403 | 2,403 |
| Total | | | 35,614 | (5,707) | 420 | 30,327 | 18,055 | 12,359 | 8,804 | 69,545 | 69,545 |