



BUDGET DIGEST

2015/2016

Published: Friday, 24 April 2015

Working for a healthy, prosperous and happy Bay

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Links to:

Children's Services Cost Reduction Plan – Approved by Council in October 2014

[www.torbay.gov.uk/DemocraticServices/documents/g5586/
Public%20reports%20pack%20Thursday%2030-Oct-2014%2015.00%20Council.pdf?T=10](http://www.torbay.gov.uk/DemocraticServices/documents/g5586/Public%20reports%20pack%20Thursday%2030-Oct-2014%2015.00%20Council.pdf?T=10)

Budget Reductions 2015/2016 – Approved by Council in October 2014

[www.torbay.gov.uk/DemocraticServices/documents/g5586/
Public%20reports%20pack%20Thursday%2030-Oct-2014%2015.00%20Council.pdf?T=10](http://www.torbay.gov.uk/DemocraticServices/documents/g5586/Public%20reports%20pack%20Thursday%2030-Oct-2014%2015.00%20Council.pdf?T=10)

Draft Budget Digest 2015/2016 – Published 4 February 2015

(Containing: Proposed Budget Reductions, Fees and Charges and Service Information for 2015/2016)

[www.torbay.gov.uk/DemocraticServices/documents/g6238/
Public%20reports%20pack%20Thursday%2005-Feb-2015%20Budget%20Digest.pdf?T=10](http://www.torbay.gov.uk/DemocraticServices/documents/g6238/Public%20reports%20pack%20Thursday%2005-Feb-2015%20Budget%20Digest.pdf?T=10)

Service Reviews

www.torbay.gov.uk/index/yourcouncil/financialservices/budget/budgetservicedetails.htm

Budget Consultation 2015/16

<http://www.torbay.gov.uk/index/getinvolved/consultation/closedconsultations/budgetconsultation1516.htm>

Asset Management Plan 2015/2016

[www.torbay.gov.uk/DemocraticServices/documents/b11070/
Item%2014%20-%20Revenue%20Budget%20Proposals%202015%2016%20Thursday%2005-Feb-2015%2017.30%20Council.pdf?T=9](http://www.torbay.gov.uk/DemocraticServices/documents/b11070/Item%2014%20-%20Revenue%20Budget%20Proposals%202015%2016%20Thursday%2005-Feb-2015%2017.30%20Council.pdf?T=9)

Council Tax 2015/2016

[www.torbay.gov.uk/DemocraticServices/documents/g5590/
Public%20reports%20pack%20Thursday%2026-Feb-2015%2014.00%20Council.pdf?T=10](http://www.torbay.gov.uk/DemocraticServices/documents/g5590/Public%20reports%20pack%20Thursday%2026-Feb-2015%2014.00%20Council.pdf?T=10)

Council Tax Base 2015/2016

[www.torbay.gov.uk/DemocraticServices/documents/b10946/
Item%2013%20Council%20Tax%20Base%20Report%20and%20Item%2018%20Appointment%20of%20
Director%20of%20Public%20Health%20App3%20Thursday.pdf?T=9](http://www.torbay.gov.uk/DemocraticServices/documents/b10946/Item%2013%20Council%20Tax%20Base%20Report%20and%20Item%2018%20Appointment%20of%20Director%20of%20Public%20Health%20App3%20Thursday.pdf?T=9)

Council Tax Guide 2015/2016

www.torbay.gov.uk/index/yourcouncil/financialservices/budget/council-tax-booklet.pdf

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Draft Budget Digest 2015/16

Glossary

Please note that budget digest references on the service information and agreed savings documents refer to the individual services IDs on the budget digest pages.

A

ASC Adult Social Care – is the service currently provided by Torbay and Southern Devon NHS and Social Care Trust. The management of this service is governed by the Annual Strategic Agreement (ASA) approved annually by Council.

ATL **Above the Line** refers to the direct cost of a Service, which will include for example employees' basic pay, employers national insurance and pension contributions, supplies and services, and income from fees, charges and grants.

ATL does not include internal recharging from support services, these charges are referred to as being BTL (below the line), for example internal recharges to a Service from Human Resources for running a payroll system.

ATL and BTL charges together make up the Total Cost of the service.

The Council's budget is allocated to Services on an ATL basis. This digest does not show the internal BTL reallocation of support service costs.

Note for ring fenced services support service charges are ATL.

B

BTL **Below the Line** transactions are where a support service (e.g Human Resources) recharge a direct service (e.g. Highways) the cost of providing the service for example providing a payroll service for the employees in Highways.

BTL can also be for BTL capital recharges. BTL capital recharges are those not chargeable to Council Tax such as depreciation and impairment. Note: The Revenue Budget is charged an 'above the line' MRP charge for assets funded from borrowing.

ATL and BTL charges together make up the Total Cost of the service which is used for statutory reporting.

The Council's budget is allocated to Services on an ATL basis. This digest does not show the internal BTL reallocation of support service costs.

Borrowing

Councils borrow to fund Capital expenditure or for temporary cash flow requirements. The majority of Council borrowing will be from Central Government by means of the Public Works Loans Board. Council's are free to use other borrowing options provided they are within the Council's treasury management arrangements.

Brixham Town Council

The Town Council as a local precepting body will issue a precept to Torbay Council to collect Council Tax from residents in its area. This precept will form part of Torbay Council's budget requirement.

C

Capital Expenditure

Payments made for the acquisition, provision or improvement of assets, which will be of a long-term value to the Council, e.g., land and buildings. These costs are not included in the Revenue Budget but in the Capital Plan. Revenue contribution to fund capital projects maybe budgeted for in the revenue budget.

Capital Receipts

Money received from the sale of assets or the repayment of grants and loans which is available for financing future capital expenditure. These items are not included in the Revenue Budget but in the Capital Plan.

CIPFA

The Chartered Institute of Public Finance and Accountancy – the accounting institute that helps regulate and support accountants in the public sector.

Collection Fund

As a billing authority the Council is required to account for transactions associated with the collection of NNDR and Council tax such as bills raises and income collected separately.

D

Depreciation

Amounts set aside from the revenue account which represent the wearing out, consumption or loss of value of a fixed asset spread over the useful life of the asset. These costs are not funded by Council Tax and are therefore treated as a 'below the line' charge.

Direct Employee Cost

Direct employee cost follows the CIPFA definition which includes the following:-

- Basic Pay
- Employers National Insurance, Superannuation Contribution
- Agency Staff

Within this budget digest indirect employee costs e.g. training are including in supplies and services.

F

Fees, Charges & Sales

For this budget digest 'Fees, Charges and Sales' primarily includes any income that is not a:-

- Central government grants
- Contribution from a Reserve

G

Grant Income

For this budget digest this category primarily includes grants from central government.

I

Impairment

Impairment is a reduction in the value of a fixed asset, below its balance sheet value. This cost is not funded by Council Tax and therefore treated as a 'below the line' charge.

Investment Properties

Land and buildings held only for the income stream or for capital appreciation. The income stream will be included in the Council's Revenue Budget but any capital appreciation on sale will be a capital receipt and be part of the Capital Plan

M

MRP - Minimum Revenue Provision

The Minimum Revenue Provision is the minimum amount which must be charged to a Council's revenue account each year and set aside as provision for repayment of debt, as required by the Local Government Act 2003. For assets funded from unsupported borrowing this must be a "prudent" amount.

N

New Homes Bonus Grant

A general grant from 2012/13 that is linked to the growth in the number of properties available for occupation either from a new home or an empty home brought back into use.

NNDR

National Non Domestic Rates, a national tax collected on a local level formally known as business rates.

NNDR Retention Scheme

2013/14 was the first year of the new funding system for Councils – the NNDR Retention system. This change moves Councils away from central government funding based on a service "needs" basis to one linked more to economic growth. The Council retains a 49% share of any increase or decrease in NNDR income.

P

PFI - Private Finance Initiative

PFI is a method of using private investment to fund public sector schemes often supported by central government. The private sector typically builds an asset such as a school and then charges the Council over a period of typically 25 years to use and pay for the asset.

Precept

A statutory request made by one statutory body on another to meet the net cost of its services.

Precepting Body

The statutory body that makes a "precept" on a Council that is responsible for collecting Council Tax in an area. Town and parish Councils are classified

as a Minor Precepting body which means they precept their tax requirement on the Council who then include that amount in their precept.

Premises Costs

This group includes expenses directly related to the running of premises and land e.g, rates, rent and energy costs

Provisions

amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g., bad debts.

R

Reserves

Reserves are funds set aside for a particular purpose for example:-

- To smooth a regular cost that happens in the future e.g. elections. Rather than the cost being a pressure in the year the election happens, contributions are made from the revenue budget to the reserve over a 4 year period. In the 5th year the funds are taken from the reserve and brought into the revenue account as a contribution to fund the cost of the election.
- A general reserve where contributions are made from the revenue budget to the reserve to funded unforeseen occurrences.
- To set aside funds to meet capital expenditure on new capital projects.

A Reserve balance can only be used to fund 'one-off expenditure' in the Revenue Budget. Reserves can be classified as useable or unuseable – please see entries below.

Revenue Expenditure

Expenditure on day-to-day expenses consisting mainly of employee costs, the running expenses of buildings and equipment and capital financing costs.

Revenue Support Grant

A General Government Grant funded from national taxation to support the Council's net expenditure.

Ring Fenced

Description of a service and its source of funding where, usually, the funding is restricted to that service. This restriction can be from central government (e.g Public Health funding or Dedicated Schools Grant) or a local decision (e.g. Harbours or printing).

S

Supplies and Services

For this budget digest this category includes all expenditure that is not:-

- Employee Direct costs
- Premises related costs
- Contributions to reserves

Expenditure in this category would include payments to external bodies including providers and contractors.

T

Total Cost

The actual cost of services reflects all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

U

Unsupported (or Prudential) Borrowing

Any borrowing the Council undertakes that is above and beyond the level of Supported Borrowing which the Government helps to fund and which therefore the Council has to fund completely from its own resources.

Usable Reserves

A reserve held by the Council that can be used for supporting service delivery including capital expenditure in the future.

Unusable Reserves

A reserve held by the Council that can not be used for supporting services. These tend to be the result of accounting entries not funded by Council Tax such as those that reflect previous capital financing, asset revaluations and the pension reserve.

V

VRP – Voluntary Revenue Provision –

VRP is an additional sum that a Council can make to be set aside as provision for the future repayment of debt.



Minutes of the Council

12 February 2015

-: Present :-

Chairwoman of the Council (Councillor Barnby) (In the Chair)
Vice-Chairman of the Council (Councillor Hill)

The Mayor of Torbay (Mayor Oliver)

Councillors Addis, Amil, Baldrey, Bent, Brooksbank, Cowell, Darling, Davies, Doggett, Ellery, Excell, Faulkner (A), Faulkner (J), Hytche, James, Kingscote, Lewis, McPhail, Mills, Morey, Parrott, Pentney, Pountney, Pritchard, Scouler, Stockman, Stocks, Stringer, Thomas (D) and Tyerman

147 Apologies for absence

Apologies for absence were received from Councillors Butt, Hernandez and Thomas (J).

148 Declarations of interests

At the invitation of the Chairwoman, the Monitoring Officer reminded members of the dispensation granted in respect of members' interests in relation to the setting of the Council Tax and matters relating to Council controlled companies where members were appointed as unpaid directors by the Council.

The following non-pecuniary interests were declared:

Councillor	Minute Number	Nature of interest
Parrott	149	Chairman of the Strategic Advisory Board for Torbay Children's Centres
Tyerman	149	Trustee of Torbay Coast and Countryside Trust

149 Revenue Budget 2015/2016

Further to the meeting of the Council held on 5 February 2015, Members considered the recommendations of the Mayor in relation to the Revenue Budget 2015/16, the Capital Strategy and Asset Management Plan, as set out in the submitted report.

In accordance with legislation, the Chairwoman advised recorded votes would be taken on the motion and amendments.

It was proposed by the Mayor and seconded by Councillor Mills:

- (a) That it be recommended to Council:
 - (i) that the revenue budget for 2015/16 (paragraph 4.15 to the submitted report) and the associated fees and charges be approved;
 - (ii) that a contingency of £1.4m be created to mitigate against any unforeseen or emerging budget pressures that may arise within Social Care and other services;
 - (iii) that due to the timing of and deliverability of savings within Adult Social Care, the £1.566m saving for joint working, shared commissioning, new income and efficiencies is deferred for one year and delivered in 2016/17;
 - (iv) in response to the government announcement as to the amount they expect local authorities to receive for Welfare Assistance (Crisis Support Fund) the Council makes budget provision of £0.4m for the continuation of this scheme in 2015/16 and future years;
 - (v) that the final notified Dedicated Schools Grant be used in accordance with the nationally laid down Schools Financial Regulations (paragraph 6.5 to the submitted report) and that the Chief Finance Officer be authorised to make amendments as required when the final figures are confirmed;
 - (vi) that the Members' Allowances Scheme be implemented in 2015/2016 in accordance with the decision of the Council at its meeting on 1 February 2012 in line with the announced annual local government pay percentage increase (paragraph 6.1 (b) to the submitted report);
 - (vii) that the Chief Finance Officer in consultation with the Mayor and Executive Lead Member for Finance be authorised to approve or earmark expenditure from the Comprehensive Spending Review Reserve;
 - (viii) that in accordance with the requirement of the Local Government Act 2003, to consider and note the advice given by the Chief Finance Officer with respect to the robustness of the budget estimates and the adequacy of the Council's reserves (sections 7 to 9 to the submitted report);

- (ix) that the Chief Finance Officer, in consultation with the Mayor and Executive Lead Member for Finance, be authorised to make adjustments to and introduce new fees and charges within the budget during 2015/16 if it is in the best interest for the Council;
 - (x) that the Chief Finance Officer, in consultation with the Mayor, Executive Lead Member for Finance and appropriate officers, be authorised to determine the allocation and expenditure of any new grant monies, unallocated grants, underspends or other additional income that may be received during the year 2015/16;
 - (xi) that the Chief Finance Officer be authorised to make adjustments to the budgets for any technical changes;
 - (xii) that the Chief Finance Officer prepare the appropriate documentation for the Council to approve the setting of Council Tax at the meeting on 26 February 2015 and all other returns to be made by the appropriate date;
 - (xiii) that Capital Strategy and Asset Management Plan be approved and endorsed as set out at <http://www.torbay.gov.uk/draft-amp.doc> and <http://www.torbay.gov.uk/summarycapitalstrategy.doc>;
 - (xiv) that the latest updated Medium Term Resource Plan be noted, as set out at <http://www.torbay.gov.uk/mtrp-v5.doc>;
 - (xv) that it be noted that Torbay has continued to be part of the Devonwide Pool as part of the Business Rates Retention scheme;
 - (xvi) that the completed NNDR1 form be noted which forms part of the Council's overall income to fund the 2015/16 budget (as set out at <http://www.torbay.gov.uk/signedcopyofnndr1-201516.pdf>);
 - (xvii) the collection fund surplus as set out in section 4 of the submitted report which forms part of the Council's overall income to fund the 2015/16 budget be noted.
 - (xviii) that the additional £0.261m Revenue Support grant announced on 4 February 2015 be allocated to a contingency for social care.
- (b) that due to the size of the reductions required to deliver a balanced budget and their impact, Council accept all the risks in preparing this budget both in terms of the impact upon service delivery and the potential for budget pressures which may require remedial action

during the year. These risks have been identified in detail in this report and associated budget proposals prepared by officers for their respective Business Units.

Members noted that the submitted motion on Grants had been withdrawn.

In accordance with Standing Order A14.4, an amendment was proposed by Councillor Excell and seconded by Councillor Stocks:

(xviii) that due to the lateness of the announcement of the Local Government Finance Settlement, £19,700 of the additional £0.261m Revenue Support grant announced on 4 February 2015 be allocated back into the Revenue Budget for road safety and the remaining £241,300 be allocated to a contingency for social care.

A recorded vote was taken on the amendment. The voting was taken by roll call as follows: For: Councillors Addis, Amil, Baldrey, Barnby, Bent, Brooksbank, Cowell, Darling, Davies, Doggett, Ellery, Excell, Faulkner (A), Faulkner (J), Hill, Hytche, James, Kingscote, Lewis, McPhail, Mills, Morey, Parrott, Pentney, Pountney, Pritchard, Scouler, Stockman, Stocks, Stringer, Thomas (D) and Tyerman and the Mayor (33); and Absent: Councillors Butt, Hernandez and Thomas (J) (3). Therefore the amendment was declared carried unanimous.

At the invitation of the Chairwoman, the Mayor informed the Council that he would accept the amendment (as above). Therefore, as the Mayor accepted the amendment the matter could be dealt with at this Council meeting.

In accordance with Standing Order A14.4, an amendment was proposed by Councillor Darling and seconded by Councillor Stockman:

The supporting people budget saw massive cuts to support given to the elderly, learning disabled, homeless and substance dependent. At this time last year partners from both the health service and Police shared grave concerns about the impact of these cuts. We are concerned that there is a lack of a contingency fund if their predictions come true.

The Council therefore proposes the following amendment:

(xviii) that due to the lateness of the announcement of the Local Government Finance Settlement, £100,000 of the additional £0.261m Revenue Support grant announced on 4 February 2015 be allocated to a contingency fund to be used for impacts arising from the reduction in funding to the supporting people budget and the remaining £161,000 be allocated to a contingency for social care.

A recorded vote was taken on the amendment. The voting was taken by roll call as follows: For: Councillors Baldrey, Cowell, Darling, Davies, Doggett, Ellery, Faulkner (A), Faulkner (J), James, Morey, Parrott, Pentney, Pountney, Stockman, Stocks, Stringer (16); Against: Councillors Addis, Amil, Barnby, Bent, Brooksbank,

Excell, Hill, Hytche, Kingscote, Lewis, McPhail, Mills, Pritchard, Scouler, Thomas (D) and Tyerman and the Mayor (17); and Absent: Councillors Butt, Hernandez and Thomas (J) (3). Therefore the amendment was declared lost.

At this juncture Councillor Faulkner (A) left the meeting.

In accordance with Standing Order A14.4, an amendment was proposed by Councillor Morey and seconded by Councillor Doggett:

This Council objects to the Mayor's budget and is concerned that:

- (i) the Chief Finance Officer has had to issue a statement where he can only give a qualified opinion that the 2015/16 budget is robust and that;
- (ii) little or no progress has been made in respect of developing options for the Library Service, Connections Service and CCTV resulting in a sustainable financial future for these services; and
- (iii) to ensure the future sustainability of Torbay Council a Commission be established, led by Overview and Scrutiny, to include key partners and ensuring cross party representation. Such a Commission to consider, amongst other things:
 - Opportunities for local government reorganisation;
 - Merger with other public sector services;
 - Reduction in the number of Councillors to 24; and
 - Changing the current mayoral system of governance.

A recorded vote was taken on the amendment. The voting was taken by roll call as follows: For: Councillors Baldrey, Cowell, Darling, Davies, Doggett, Ellery, Faulkner (J), James, Morey, Pentney, Pountney, Stockman, Stocks, Stringer (14); Against: Councillors Addis, Amil, Barnby, Bent, Brooksbank, Excell, Hill, Hytche, Kingscote, Lewis, McPhail, Mills, Pritchard, Scouler, Thomas (D) and Tyerman and the Mayor (17); Abstain: Councillor Parrott (1); and Absent: Councillors Butt, Faulkner (A), Hernandez and Thomas (J) (4). Therefore the amendment was declared lost.

In accordance with Standing Order A14.4, an amendment was proposed by Councillor Cowell and seconded by Councillor Morey:

This Council objects to the continued high level of grants to the Riviera International Conference Centre (RICC).

Council recognises the work of the unpaid board of Directors in stemming costs and notes that the required subsidy has fallen.

However, the Council now recognises that the ongoing high subsidies in excess of £500,000 are not sustainable in view of even further cuts to come

in the next financial year (£13.8m forecast by the Executive Director in 2016/17 alone).

Therefore the Council urges the Mayor to request that the Chief Executive of the Torbay Development Agency (TDA), in conjunction with the RICC Board and whoever the Chief Executive of the TDA feels appropriate, undertake a thorough appraisal of options for the future of the facility and present the findings by September 2015 to inform the next budget cycle.

A recorded vote was taken on the amendment. The voting was taken by roll call as follows: For: Councillors Baldrey, Cowell, Darling, Davies, Doggett, Ellery, Faulkner (J), James, Morey, Pentney, Pountney, Stockman, Stocks, Stringer (14); Against: Councillors Addis, Amil, Barnby, Bent, Brooksbank, Excell, Hill, Hytche, Kingscote, Lewis, McPhail, Mills, Pritchard, Scouler, Thomas (D) and Tyerman and the Mayor (17); Abstain: Councillor Parrott (1); and Absent: Councillors Butt, Faulkner (A), Hernandez and Thomas (J) (4). Therefore the amendment was declared lost.

The substantive motion (the original motion with the accepted change to (xviii) in respect of road safety) was then before Members for consideration and then put to the vote. The voting was taken by roll call as follows: For: Councillors Addis, Amil, Barnby, Bent, Brooksbank, Excell, Hill, Hytche, Kingscote, Lewis, McPhail, Mills, Pritchard, Scouler, Thomas (D) and Tyerman and the Mayor (17); Against: Councillors Baldrey, Cowell, Darling, Davies, Doggett, Ellery, Faulkner (J), James, Morey, Parrott, Pentney, Pountney, Stockman, Stocks, Stringer (15); and Absent: Councillors Butt, Faulkner (A), Hernandez and Thomas (J) (4). Therefore the substantive motion was declared carried.

(Note: prior to consideration of Minute 149, Councillors Parrott and Tyerman declared their non-pecuniary interests.)

Chairwoman



Clerk: Teresa Buckley
Telephone: 01803 207013
E-mail address: governance.support@torbay.gov.uk
Date: Tuesday, 10 February 2015

Governance Support
Town Hall
Castle Circus
Torquay
TQ1 3DR

Dear Member

COUNCIL - THURSDAY, 12 FEBRUARY 2015

I am now able to enclose, for consideration at the Thursday, 12 February 2015 meeting of the Council, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
3.	Revenue Budget 2015/2016 Amendments and Objections to the Revenue Budget	(Pages 1 - 5)

Yours sincerely

Teresa Buckley
Clerk

Agenda Item 3, Revenue Budget 2015/16

**Joint Conservative Group, Liberal Democrat
Group and Non-Coalition Group Notice of
Motion (1)**

Received: 9 February 2015

Adjourned Council Meeting

(Amendments show in bold text)

12 February 2015

Amendment to budget – Road Safety:

- (xviii) that **due to the lateness of the announcement of the Local Government Finance Settlement, £19,700 of the additional £0.261m Revenue Support grant announced on 4 February 2015 be allocated back into the Revenue Budget for road safety and the remaining £241,300** be allocated to a contingency for social care.

Proposer: Councillor Excell

Seconder: Councillor Stocks

Agenda Item 3, Revenue Budget 2015/16

Joint Liberal Democrat Group and Non-Coalition Group Notice of Motion (2)

Received: 9 February 2015

Adjourned Council Meeting

(Amendments show in bold text)

12 February 2015

Amendment to budget – Supporting People:

The supporting people budget saw massive cuts to support given to the elderly, Learning disabled, Homeless and substance dependent. At this time last year partners from both the health service and Police shared grave concerns about the impact of these cuts. We are concerned that there is a lack of a contingency fund if their predictions come true.

The Council therefore proposes the following amendment:

- (xviii) that **due to the lateness of the announcement of the Local Government Finance Settlement, £100,000 of the additional £0.261m Revenue Support grant announced on 4 February 2015 be allocated to a contingency fund to be used for impacts arising from the reduction in funding to the supporting people budget and the remaining £161,000** be allocated to a contingency for social care.

Proposer: Councillor Darling

Seconder: Councillor Stockman

Agenda Item 3, Revenue Budget 2015/16

Joint Liberal Democrat Group and Non-Coalition Group Notice of Motion (3)

Received: 9 February 2015

Adjourned Council Meeting

12 February 2015

Objection to budget – Future Budgets:

This Council objects to the Mayor's budget and is concerned that:

- (i) the Chief Finance Officer has had to issue a statement where he can only give a qualified opinion that the 2015/16 budget is robust and that:
- (ii) little or no progress has been made in respect of developing options for the Library Service, Connections Service and CCTV resulting in a sustainable financial future for these services; and
- (iii) to ensure the future sustainability of Torbay Council a Commission be established, led by Overview and Scrutiny, to include key partners and ensuring cross party representation. Such a Commission to consider, amongst other things:
 - Opportunities for local government reorganisation;
 - Merger with other public sector services;
 - Reduction in the number of Councillors to 24; and
 - Changing the current mayoral system of governance.

Proposer: Councillor Morey

Seconder: Councillor Doggett

Agenda Item 3, Revenue Budget 2015/16

Conservative Group Notice of Motion (4)

Received: 9 February 2015

Adjourned Council Meeting

(Amendment shown in bold)

12 February 2015

Amendment to budget – Grants:

- (x) that the Chief Finance Officer, in consultation with the Mayor, Executive Lead Member for Finance and appropriate officers, be authorised to determine the allocation and expenditure of any new grant monies, unallocated grants, underspends or other additional income that may be received during the year 2015/16 **up to the value of £50,000. All sums above this amount to be agreed by the Council;**

Proposer: Councillor Excell

Seconder: Councillor Tyerman

Agenda Item 3, Revenue Budget 2015/16

**Joint Labour and Non-Coalition Group Notice
of Motion (5)**

Received: 9 February 2015

Adjourned Council Meeting

12 February 2015

Objection to budget – Riviera International Conference Centre:

This Council objects to the continued high level of grants to the Riviera International Conference Centre (RICC).

Council recognises the work of the unpaid board of Directors in stemming costs and notes that the required subsidy has fallen.

However, the Council now recognises that the ongoing high subsidies in excess of £500,000 are not sustainable in view of even further cuts to come in the next financial year (£13.8m forecast by the Executive Director in 2016/17 alone).

Therefore the Council urges the Mayor to request that the Chief Executive of the Torbay Development Agency (TDA), in conjunction with the RICC Board and whoever the Chief Executive of the TDA feels appropriate, undertake a thorough appraisal of options for the future of the facility and present the findings by September 2015 to inform the next budget cycle.

Proposer: Councillor Cowell

Seconder: Councillor Morey



Clerk: Teresa Buckley
Telephone: 01803 207013
E-mail address: governance.support@torbay.gov.uk
Date: Thursday, 05 February 2015

Governance Support
Town Hall
Castle Circus
Torquay
TQ1 3DR

Dear Member

COUNCIL - THURSDAY, 12 FEBRUARY 2015

I am now able to enclose, for consideration at the Thursday, 12 February 2015 meeting of the Council, the following reports that were unavailable when the agenda was printed.

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3.	Revenue Budget 2015/2016	(Pages 412 - 433)

Yours sincerely

Teresa Buckley
Clerk

Agenda Item 3



Meeting: Council

Date: 5 February 2015

Wards Affected: All

Report Title: Revenue Budget Proposals 2015/16

Executive Lead Contact Details: Mayor Oliver, mayor@torbay.gov.uk

Supporting Officer Contact Details: Paul Looby, paul.looby@torbay.gov.uk

1. Purpose and Introduction

- 1.1 The Council has a statutory responsibility to set a budget each year. By setting and approving the revenue budget for 2015/16, the budget allocations proposed and the expenditure undertaken will be used to achieve a range of objectives across a number of plans within the Council. This will meet the aspirations of the Bay as expressed within the Corporate Plan and other related strategies.
- 1.2 In accordance with the Council's constitution, Members are being asked to either confirm their agreement to the recommended budget or put forward amendments or objections for consideration at a future meeting.
- 1.3 Due to the scale of reductions faced by Torbay, which is as a direct result of the ongoing cut to Torbay's grant by the coalition government, there has been extensive consultation on the budget savings proposals in 2014 with savings for 2015/16 agreed in February 2014 and October 2014. This culminated in the draft budget announcement by the Mayor in December 2014.
- 1.4 The Provisional Local Government Finance Settlement was announced in December 2014 which broadly confirmed the provisional grant allocations announced in February 2014. This report summarises the outcome of the Settlement.
- 1.5 In addition to setting the budget, the Chief Finance Officer must declare the budget is robust and this report sets out this opinion.

2. Proposed Decision

- 2.1 **That it be recommended to Council:**
 - (i) **that the revenue budget for 2015/16 (paragraph 4.15 to the submitted report) and the associated fees and charges be approved;**
 - (ii) **that a contingency of £1.4m be created to mitigate against any unforeseen or emerging budget pressures that may arise within Social Care and other services;**

- (iii) that due to the timing of and deliverability of savings within Adult Social Care, the £1.566m saving for joint working, shared commissioning, new income and efficiencies is deferred for one year and delivered in 2016/17;**
- (iv) in response to the government announcement as to the amount they expect local authorities to receive for Welfare Assistance (Crisis Support Fund) the Council makes budget provision of £0.4m for the continuation of this scheme in 2015/16 and future years;**
- (v) that the final notified Dedicated Schools Grant be used in accordance with the nationally laid down Schools Financial Regulations (paragraph 6.5 to the submitted report) and that the Chief Finance Officer be authorised to make amendments as required when the final figures are confirmed;**
- (vi) that the Members' Allowances Scheme be implemented in 2015/2016 in accordance with the decision of the Council at its meeting on 1 February 2012 in line with the announced annual local government pay percentage increase (paragraph 6.1 (b) to the submitted report);**
- (vii) that the Chief Finance Officer in consultation with the Mayor and Executive Lead Member for Finance be authorised to approve or earmark expenditure from the Comprehensive Spending Review Reserve;**
- (viii) that in accordance with the requirement of the Local Government Act 2003, to consider and note the advice given by the Chief Finance Officer with respect to the robustness of the budget estimates and the adequacy of the Council's reserves (sections 7 to 9 to the submitted report);**
- (ix) that the Chief Finance Officer, in consultation with the Mayor and Executive Lead Member for Finance, be authorised to make adjustments to and introduce new fees and charges within the budget during 2015/16 if it is in the best interest for the Council;**
- (x) that the Chief Finance Officer, in consultation with the Mayor, Executive Lead Member for Finance and appropriate officers, be authorised to determine the allocation and expenditure of any new grant monies, unallocated grants, underspends or other additional income that may be received during the year 2015/16;**
- (xi) that the Chief Finance Officer be authorised to make adjustments to the budgets for any technical changes;**
- (xii) that the Chief Finance Officer prepare the appropriate documentation for the Council to approve the setting of Council Tax at the meeting on 26 February 2015 and all other returns to be made by the appropriate date;**
- (xiii) that Capital Strategy and Asset Management Plan be approved and endorsed as set out at <http://www.torbay.gov.uk/draft-amp.doc> and**

- (xiv) that the latest updated Medium Term Resource Plan be noted, as set out at <http://www.torbay.gov.uk/mtrp-v5.doc>;
 - (xv) that it be noted that Torbay has continued to be part of the Devonwide Pool as part of the Business Rates Retention scheme;
 - (xvi) that the completed NNDR1 form be noted which forms part of the Council's overall income to fund the 2015/16 budget (as set out at <http://www.torbay.gov.uk/signedcopyofnndr1-201516.pdf>);
 - (xvii) the collection fund surplus as set out in section 4 of the submitted report which forms part of the Council's overall income to fund the 2015/16 budget be noted.
 - (xviii) that the additional £0.261m Revenue Support grant announced on 4 February 2015 be allocated to a contingency for social care.
- 2.2 that due to the size of the reductions required to deliver a balanced budget and their impact, Council accept all the risks in preparing this budget both in terms of the impact upon service delivery and the potential for budget pressures which may require remedial action during the year. These risks have been identified in detail in this report and associated budget proposals prepared by officers for their respective Business Units.**
- 3. Reason for Decision**
- 3.1 The Council has a statutory responsibility to set a revenue budget each year. The approval of the 2015/16 revenue budget will assist the Council in delivering its key objectives and meet its statutory obligations.
- 4. Summary**
- 4.1 Due to the size and magnitude of the financial challenges faced by the Council the Mayor proposed a 2 year savings package to enable the Council to develop a strategy to address the ongoing grant reductions from the coalition government. 2015/16 is the second year of a two year budget process. Council approved the final savings proposals in October 2014 and these have been included within the final budget proposals for 2015/16.
- 4.2 The Mayor's provisional budget proposals were published on 4 December 2014. The process is different to previous years due to the fact Council has already approved Budget Savings proposals at its meetings in February 2014 and October 2014.
- 4.3 The council has been through a detailed consultation on the budget savings proposals. Members of the Overview and Scrutiny Board examined the proposals in detail and stakeholders and residents have had the opportunity to make representations on the proposals. The Mayor considered all of the responses received and the final saving proposals were drawn up after consideration of the various reports presented to Members.

- 4.4 The approved budget savings proposals from October (and February 2014) form the basis of the 2015/16 budget and will support the Council in delivering its key aims and objectives.
- 4.5 The prospective budget for 2015/16 has been developed on key principles that reflect the priorities of the Council of securing a cleaner Torbay and more prosperous economy, whilst, as far as possible, protecting Children's and Adult Services.
- 4.6 Members of the Priorities and Resources Panel and Stakeholders have considered the budget proposals and had a series of meetings during January 2015 to further explored the impact. The Panel have presented a report for the Mayor to consider.
- 4.7 The Mayor has considered these responses received and the final budget proposals have been drawn up after detailed consideration of the various financial reports presented to all Members
- 4.8 In accordance with the Council's constitution, Members are being asked to either confirm their agreement to the recommended budget or put forward amendments or objections for consideration at a future meeting.
- 4.9 The supporting information to this report includes:
- Mayoral Budget Statement – section 5
 - budget proposals and draft budget digest – section 6
 - a summary of the local government finance settlement – section 11;
 - the Chief Finance Officer's statement on the robustness of the budget estimates – section 9.

Resources Update Since Autumn 2014

- 4.10 Over the last 6 weeks work has been ongoing to confirm the Council's collection fund position for 2015/16 and the estimated NNDR income the Council expects to receive. In addition the Council's projected council tax income for 2015/16 is considerably higher than originally forecast - by over £1m.
- 4.11 This is due to a range of factors including a larger than expected tax base, the impact of a review of households claiming single persons discounts and a reduction in the number of residents on the local council tax support scheme. All of these movements have been favourable to the council's forecast income position and have been verified during late December.
- 4.12 As part of the development of the 2015/16 budget and preparation for ongoing savings in future years, there has been considerably uncertainty about the Council's overall financial position. This included the possibility of a worse than forecast Settlement from government (which fortunately was not the case), a number of significant budget pressures during the year and the uncertainty arising from the Judicial Review (JR) for Care Home Fees and any provision that may be required to fund the outcome of the JR.
- 4.13 As in previous years the Medium Term Resource Plan had a general contingency to mitigate against any significant financial risks that may arise.

- 4.14 Having taking into account the additional council tax income and contingency within the Council's overall plans there are resources available to support the new pressures the Council faces, however the Council is facing a challenging 2015/16.
- 4.15 A summary of the proposed Council budget, which must be approved in February 2015 is shown below in table 1.

Table 1
Summary of Proposed Budget 2015/16

	2015/16	
	£'000	£'000
Mayor's Budget Proposal:		
Net Expenditure Budget	110,420	
Less Council Tax Freeze Grant	(639)	
Sub Total		109,781
Social Care Contingency – para (2.1(r))		261
Total Net Expenditure		110,042
Funded By:		
Business Rate Retention Scheme	29,132	
Revenue Support Grant	25,700	
Other Grants (ESG/LSSG*)	773	
Council Tax Income	53,437	
Collection Fund Surplus (NNDR/Council Tax)	1,000	
Total Income		110,042

- Education Services Grant and Local Services Support Grant (LSSG).

- 4.16 Members will be aware of the continued planned reductions in public expenditure and the impact this has directly upon local government. By the end of the current Parliament the Local Government Association has calculated that local government funding will have fallen by 40% in real terms. Whilst the speed of grant reductions for local government is not clear in the next parliamentary term there will be further reductions and continued challenges for local government as the overall resources available to fund local services will continue to fall.
- 4.17 The coalition government announced on 18 December 2014 the Provisional Local Government Finance Settlement. This set out the provisional grant allocations for 2015/16. The final Settlement was announced on 4th February 2015. The settlement included an increase of £0.261m in Revenue Support Grant compared to the provisional figures due to "government providing a further £74m nationally to upper tier authorities to recognise such Councils have asked

for additional support, including to help them respond to local welfare needs and to improve social care provision". It is recommended that this additional grant is allocated to a social care contingency. Note: due to the timing of this announcement the draft budget digest pages attached to this report have not been updated to reflect this change.

- 4.18 In setting this budget the Mayor is recommending that the Council accept the Government's Council Tax Freeze Grant in 2015/16.
- 4.19 Despite the significant reductions to Torbay's grant, the Mayor has set this budget with the intention that resources are allocated to the Council's key priorities: protecting Children's and Adults and promoting jobs and economic regeneration within the Bay. Members will be aware that due to size of the reduction in government grant service reductions were inevitable as set out in the approved savings proposals in February and October 2014.

Key Risks

- 4.20 There are a number of key risks with the 2015/16 budget proposals. As a statutory requirement the budget report includes an assessment by the Chief Finance Officer (s151 role) as to the robustness of the budget proposals. The Chief Finance Officer has declared there are a number of significant risks with respect to the budget which mean only a qualified assurance can be given at this stage. This is due to the scale of the required reductions and the pressures the Council has been subject to, in particular within Children's Safeguarding and Wellbeing. There are a number of risks that will have to be closely monitored throughout the financial year.
- 4.21 As part of the budget savings proposals £1.566m was identified within Adult Social Care for "saving for joint working, shared commissioning, new income and efficiencies". However due to the delay in the creation of the Integrated Care Organisation (ICO) these savings will not be delivered in 2015/16. As section 151 officer my advice is these savings must be deferred until 2016/17 otherwise the budget set will not be deliverable.
- 4.22 Members will be aware that the council lost a Judicial Review (JR) on Care Home Fees in December 2014. Due to the complexity of the case and at the time of writing this report the council was considering its approach and response. Members will be aware that the JR is effective from April 2014 and therefore any costs associated with the final outcome for the JR will be a call upon the Comprehensive Spending Review (CSR) reserve in the current year and the final outcome of the case will have an ongoing impact upon the 2015/16 base budget.
- 4.23 To mitigate and plan for any potential increased costs within Adult Social Care as section 151 officer my advice is a contingency is created for Social Care Pressures.
- 4.24 Members will be fully aware of the ongoing budget pressures within Children's Safeguarding and Wellbeing. As part of the council's response to these pressures, Members approved a 5 year cost reduction plan in October 2014. 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.

- 4.25 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.
- 4.26 The latest 2014/15 forecast position at the end of quarter 3 for Children's Services is a £2.787m overspend. This is after the delivery of anticipated savings from their recovery plan and one off funding of £1.5m from the PFI Sinking Reserve. The forecast overspend has increased by £0.533m in the last quarter and will place significant pressure upon Children's delivering a balanced budget due to existing client commitments.
- 4.27 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 Plan. The Director of Children's Services provided an update to the Overview and Scrutiny Board on progress against the plan in December 2014. Members of the Board will continue to receive regular quarterly reports from the Director of Children's Services to review and assess the costs reductions required for this service.
- 4.28 The impact of the forecast overspend in Children's Safeguarding and Wellbeing is a risk that the Council will declare an overspend at year end which will need to be funded from the CSR reserve. Members will also be aware that all restructuring costs will also be funded from the CSR reserve. A combination of these two financial pressures and the impact of the JR mean the CSR will be significantly reduced and the worst case scenario is the CSR reserve could be zero in the new financial year.
- 4.29 In addition the Council is subject to a range of other risks due to volatility of budgets which are subject to demand pressures which are outside of the control of the Council i.e. social care demands, income volatility, impact of welfare reforms including the ongoing impact of the coalition government's welfare reforms e.g. the local council tax support scheme.
- 4.30 By approving this budget Members are recognising and accepting these risks. Directors and Executive Heads will be required to closely monitor their budgets throughout the year and all managers must ensure they manage their services effectively to ensure that they maintain expenditure within their approved budgets.
- 4.31 Members will be aware that the adverse impact of the risks outlined above is a Business Unit's expenditure may exceed the approved budget during the year as a result of influences outside of the services control or due to the non delivery or late implementation of savings identified and approved by Council. The council will continue with its existing strategy in place to mitigate against and respond to such a situation and includes robust financial management by all Directors and Executive Heads and their service managers, supported by regular monitoring of all budgets with detailed monitoring of volatile budgets.

- 4.32 If the Council declares an overspend at year-end there will be a call made upon the Council's reserves or, in a worse case scenario, General Fund Balance to finance the overspend.
- 4.33 If there is any reduction in the Council's General Fund Reserve Balance this will need to be made good in future years and will be the first call upon the Council's budget in 2016/17. There is continued media attention on the level of local authority reserves and coalition government ministers have said local authorities should be using these reserves. Members will be aware that Torbay Council is already using earmarked reserves as part of its strategy.
- 4.34 The Chief Finance Officer has made clear that the Council needs to set a robust and sustainable budget and that any "one-off" monies that are available should be applied to meet either "one-off" items of expenditure, such as redundancy costs (which are currently funded from the Comprehensive Spending Review Reserve), or be used to fund pump priming expenditure that should result in longer term efficiencies for the Council.
- 4.35 The Chief Finance Officer does not recommend using "one of" monies to fund ongoing commitments unless there is a clear financial plan to address the ongoing spending commitment and/or it is an invest to save scheme. The cost reduction plan to deliver savings within Children Services is an invest to save plan and must be delivered. Based upon the existing pressures with Children's Services there is a risk that year 2 of the plan may not be delivered.

Estimation of Collection Fund Surplus/Deficit (Council Tax and National Non Domestic Rates - NNDR)

- 4.36 Members delegated the approval of the estimated distribution on the Collection Fund for both Council Tax and Non Domestic Rates for the next financial year and following years to the Chief Finance Officer – as set out in the Council tax base report to Council on 6 December 2014.

Council Tax

- 4.37 The Council makes an estimate of the surplus or deficit on the Collection Fund at year end from under or over achieving the estimated council tax collection rate. As the Council sets a collection rate within its tax base equivalent to the amount collected in the 12 months of the next financial year any surplus primarily represents the collection of sums due in respect of previous years. This indicates a level of success in collecting old year debts and raises the overall, longer term, collection rate to above the in year rate of 96.5%. Due the impact of the local council tax support scheme the collection rate for 2015/16 has been reduced to 96%.
- 4.38 The amount of any surplus or deficit which a billing authority, like Torbay, estimates on its collection fund at the end of the current year is to be shared and is taken into account by both the billing authority and Major Precepting Authorities in calculating basic amounts of Council Tax for the subsequent year.
- 4.39 The latest estimate of the Collection Fund in year in respect of Council Tax as at 31 March 2015 is a £1.192m surplus.

- 4.40 This surplus has to be shared in 2015/16 between Torbay Council, Devon and Cornwall Police and Crime Commissioner's Office and Devon and Somerset Fire and Rescue Authority in accordance with their demands on the Collection Fund for 2014/15. The estimated share of the 2014/15 surplus distributed in 2015/16 is as follows:

Table 2

	Share of Surplus £m	Share %	2014/15 Precept £m
Torbay Council	1.000	84%	52.8
Devon and Cornwall Police and Crime Commissioners Office	0.131	11%	6.9
Devon and Somerset Fire and Rescue Authority	0.061	5%	3.2
Totals	1.192	100%	62.9

- 4.41 As a local precepting authority, as defined in the Local Government Finance Act 2012, Brixham Town Council will not be entitled to a share of any surplus or deficit on the collection fund.

National Non Domestic Rates

- 4.42 Since the introduction of the Business Rates Retention Scheme in April 2013, the Council is also required to declare a surplus or deficit for NNDR in a similar way as set out above for council tax. The forecasting of NNDR has involved a wide range of complex variables and influences and is a new area which has caused further complications for medium term financial planning. The NNDR 1 form is the primary return to meet this outcome and is attached on the following link.

<http://www.torbay.gov.uk/signedcopyofnnldr1-201516.pdf>

- 4.43 Overall the Council has declared a breakeven position on its Collection Fund in respect of NNDR. If this was a surplus or deficit this would be shared between the Council (49%), the Devon and Somerset Fire and Rescue Authority (1%) and central government (DCLG) (50%).

Council Tax and Capping

- 4.44 The Mayor is proposing a council tax freeze which means the Council will receive a council tax freeze grant of approximately £0.6m.
- 4.45 To control the level which local authorities increase council tax, the Government has set a maximum rate in previous years. This has been set at 2% or over for 2015/16 at which point a referendum would be required.
- 4.46 Members will be aware the Council Tax bill eventually sent out to residents is

made up of three main component parts, namely Torbay Council, the Police Authority and the Fire Authority. The Secretary of State will look at the three component parts, not the overall bill, therefore if one of the three organisations were capped the Council would have to re-bill. Members will be aware that in addition there will be a separate council tax charge for residents in Brixham for Brixham Town Council.

- 4.47 At the time of writing this report, neither the Devon and Cornwall Police and Crime Commissioner's Office nor the Devon and Somerset Fire and Rescue Authority has set their budgets for 2015/16 and council tax level. Once these have been declared they will be reported to Members and will be included within the Council Tax Setting report which will be presented to Members at the end of February 2015.

Mayor's Statement on Budget 2015/16 and Response to Overview and Scrutiny Board.

5. Mayor's Statement on Budget 2015/16 and Response to Overview and Scrutiny Board

- 5.1 In accordance with the Council's Constitution I am proposing the provisional budget for 2015/16 for Members consideration.
- 5.2 The process is different to previous years due to the fact Council has already approved Budget Savings proposals at its meeting on 30 October 2014. The Council has been through a detailed consultation on the budget savings proposals. Members of the Overview and Scrutiny Board examined the proposals in detail and stakeholders and residents have had the opportunity to make representations on the proposals.
- 5.3 The approved budget savings proposals from October (and February 2014) form the basis of the 2015/16 budget and will support the Council in delivering its key aims and objectives.
- 5.4 The prospective budget for 2015/16 has been developed on key principles that reflect the priorities of the Council of securing a cleaner Torbay and more prosperous economy, whilst, as far as possible, protecting Children's and Adult Services.
- 5.5 The Council has a number of ongoing financial challenges both in the current year and new financial year, including service pressures within Social Care - both Children's and Adults - and uncertainty with respect to a number of other service pressures including the impact of Care Act from April 2015, the Judicial Review for Care Home Fees and creation of the Integrated Care Organisation with health partners.
- 5.6 I am proposing a revenue budget of £110.0m for 2015/16. Due to the magnitude of the cuts the Council is facing this will be a challenging year. I thank the Priorities and Resources Panel, Stakeholders and individual responses for all their feedback on the budget proposals and I have considered these carefully.

Response to Overview and Scrutiny Board

- 5.7 Since the budget savings proposals were approved in October 2014, the Priorities and Resources Panel held a series of further public meetings during January 2015 and have considered a number of the specific proposals.
- 5.8 Members of the panel raised a number of important questions and challenged Members and officers. As well as questioning Members and Officers, the Panel has had the opportunity to make alternative proposals for budget reductions where they did not support the proposals. I appreciate the work of the Panel and as fellow elected representatives I recognise that they are faced with the same difficult choices I have had to consider.
- 5.9 The Panel formulated their views and recommendations at their meeting on 28 January 2015 and these were presented to me on 29 January 2015. I would like to thank the Panel for their hard work and the constructive comments they have

made to help me formulate my final proposals. The Panel is also fully aware of the difficulties faced by the Council and the extremely challenging financial climate the Council is facing and due to this the limited scope for making changes to the original budget proposals.

Library Service

- 5.10 The Library Service is a valued service by Members and the local community. I have considered the comments made by the Panel and am in agreement that a strategy should be developed which includes a Needs Assessment. I will be asking officers to develop a strategy which will be used to inform the 2016/17 budget.

Road Safety

- 5.11 I acknowledge the issues raised by the Panel with respect to Road Safety. Unfortunately due to the difficult financial environment the Council is faced with difficult decisions have to be made. Therefore I am unable to reinstate this reduction.

CCTV

- 5.12 The Panel correctly point out that £25,000 of transitional funding has been applied to the CCTV budget to enable further options to be explored and work has started on an options appraisal which is planned to be available in the summer 2015. Having considered the Panel's comments I agree that a letter should be sent to the Tourism and Business Improvement District for them to consider for inclusion of CCTV in the ballot and the options appraisal be widened to consider modern technology to reduce costs and increase commercial opportunities.

Connections

- 5.13 I recognise there has been wide and constructive discussion and debate on the proposals for Connections including its future direction, location and how the service can contribute to the Council's overall savings target. Further work is required including a detailed business case setting out the benefits, both financial and non financial, of any transformation of the service. Therefore I have decided to reinstate the base budget of £102,000 for Connections.

Car Parking

- 5.14 The Panel have considered in detail the Car Parking service. I have always tried to ensure there is a balance between providing an equitable service for local residents and visitors and have done so with a number of successful promotions. However I recognise the importance the service provides in the context of the Council's overall budget and the income generated from the service. Having considered the Panel's constructive comments I support the recommendations and will be asking officers to undertake a full review covering the main issues raised by the Panel.

Adult Social Care

- 5.15 Members will be aware that Adult Social Care is the Council's largest budget and provides services for some of the most vulnerable residents in the Bay. Due to scale of the cuts Torbay has to manage, Members of this Council must recognise there will be risks in setting and approving the 2015/16 budget. Whilst I recognise there will be challenges I am confident that the Director of Adult Social Care in partnership with the Torbay and Southern Devon Health and Care NHS Trust will manage these risks and work tirelessly to deliver a balanced budget in 2015/16.
- 5.16 However, with the delay to the creation of the Integrated Care Organisation (ICO), I have been advised that there is a risk the £1.566m savings will not be delivered and therefore I have decided to defer these savings until 2016/17 when they must be delivered. In addition I will be asking the Director of Adult Social Care to bring forward proposals for the delivery of the £1.566m as soon as practicable with the target of delivering some of these savings in 2015/16 once the ICO has been formed.

6. Revenue Budget Proposals

- 6.1 As part of the budget process there are a number of formal issues that have to be dealt with.

a) Dedicated Schools Grant

The Council has to confirm that it will be directing the entire grant received in respect of Dedicated Schools Funding through to those areas as defined in the School Finance Regulations. The Council is allocated £89.8m of Dedicated Schools Grant (DSG) before Academy recoupment. It is recommended that approximately £42 m be included in the Council's budget for schools related expenditure for non academy schools. It should be noted that this is an estimated figure is adjusted throughout the year to reflect changes to 2 year old funding and Academy conversions. It is recommended the Chief Finance Officer (CFO) be authorised to make appropriate changes as and when the funding changes.

b) Members Allowances

The Council approved the Members' Allowance Scheme on 1 February 2012. The Scheme is subject to review every four years by an Independent Remuneration Panel and it includes a requirement for the Basic Allowance, Special Responsibility Allowances and Co-optees Allowances to be indexed, on the 1 April each year, to the annual local government pay percentage increase as agreed by the National Joint Committee for Local Government Services. The budget has been developed on the basis that the existing scheme is continued as previously endorsed by the Council. Thus Members' Allowances will be increased in line with the annual pay award.

c) Fees and Charges

As part of the budget process, Members have been able to review the expenditure plans for all services as set in the budget information made available and, where applicable, have also had the opportunity to review the proposed charges for services each business unit has been proposing. It is recommended that these charges are approved – see attached link to the draft budget digest in paragraph 6.3 below

- 6.2 Included within Torbay's Budget Requirement is the budget for the Brixham Town Council. The Town Council approved their 2015/16 budget on 15 January 2015 of £223,028.

Recommended Budget 2015-16

- 6.3 Table 3 below summarises the recommended budget for each Business Unit of the Council if the recommendations are accepted. The budget digest will be circulated to Members in advance of the Council meeting on 12 February when the budget proposals will be considered.

Digest on attached link:

<http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=574&MId=6238&Ver=4> then the “Agenda Reports Pack” heading.

Table 3

Recommended Budget 2015-16

Business Unit/Service	Total £000's	Total £000's
Adults & Resources		
• Adult Social Care		
○ NHS Provider Trust (excludes 2.1(c))	33,429	
○ Joint Equipment Store	498	
Adult Social Care Total		
• Other Adult Social Care Services	2,555	36,482
Children, Schools & Families	29,023	29,023
Public Health and Community Safety		
• Public Health *	0	
• Community Safety	2,323	2,323
Place		
• Economic Development Company	3,159	
• Residents & Visitors	9,554	
• Spatial Planning	5,039	
• Harbour Authority/Car Parks/Resorts**	(3,494)	
• Waste & Cleaning	10,634	24,892
Operational Services		
• Commercial & Business Services	4,307	
• Information Services	2,922	
• Finance (excludes 2.1(c))	9,832	17,061
Sub Total		109,781
• Social Care Contingency (2.1(r))		261
Sub Total – Torbay Council		110,042
Brixham Town Council		223
Schools Related Activity		42,189
TOTAL		152,454

- * Public Health is a ring fenced grant for 2015/16 of £7.4m.
- ** Torbay Harbour Authority is a ring fenced budget with a turnover of £2.4m.

6.4 The proposed budget assumes the Council will accept the Council Tax Freeze Grant in 2015/16 of approximately £0.639m. The government have confirmed that the freeze grant will be built into the baseline funding allocation for all local authorities. This will mean the council is budgeting to receive council tax income of £53.437m.

Summary Financial Position

- 6.5 If all the recommendations included in this report are accepted then the overall financial position will be as shown in table 4 below:

Table 4

Summary Financial Position 2015-16		£'000
<u>Planned Expenditure</u>		
Torbay Council net revenue budget	110,420	
Less Council Tax Freeze Grant	(639)	
Social Care Contingency	261	
	<u>110,042</u>	
Brixham Town Council	223	
Schools Related Expenditure	42,189	
Total Net Expenditure	<u>152,454</u>	
<u>Funded by</u>		
Dedicated School Grant (provisional)	42,189	
RSG and Other Grants	26,473	
Business Rate Retention Scheme	29,132	
	<u>97,794</u>	
Council Tax		
- Collection Fund Surplus	1,000	
- Torbay Council	53,437	
- Brixham Town Council	223	
	<u>54,660</u>	
Total Funding	<u>152,454</u>	

7. Use of Reserves

- 7.1 As part of the annual budget deliberations the Council undertook a review of its reserves which was considered by the Priorities and Resources Panel. This review recommended the Council:

- That Council approve the transfer of £3.4m identified on a number of individual reserves to the Children's Services 5 year Strategy Reserve.
- That Council note the repayment of the £3.4m by Children's Services from future year budget allocations for Children's Services based on

the repayment schedule in the Children's Services Cost Reduction Plan approved by Council in October 2014; £0.2m repaid in 2017/18 and £3.2m repaid in 2018/19.

- That Council note the, previously approved, use of £1.5m of PFI Reserve during 2014/15 by Children's Services which is also due to be repaid by Children's services from future year budget allocations. (This is planned for 2019/20).
- That Council note the significant financial pressures facing the Council in 2014/15, 2015/16 and in future years, and consider during the 2015/16 budget process the allocation of additional funds to the Comprehensive Spending Review Reserve and/or the General Fund Reserve

7.2 Members will recall that the CSR reserve was set up in 2010/11 in anticipation of the significant grant reductions expected over the CSR period and to support the budget over this period and in particular to fund the costs of redundancies. This reserve could have to be used to fund any overspend at year end to ensure the Council can declare a balanced budget at the end of 2014/15.

7.3 The proposed budget reductions will result in staff reductions and redundancies and these are being assessed by Officers and Members. The final costs of redundancies arising from the budget proposals (which are accounted for in 2014/15) will be reported to Members and was estimated to be £1m in the council's planning assumptions which is based upon previous years.

7.4 Subsequent to the Review of Reserves being presented to Council in October the Council has the initial result of the Judicial Review on Care Home Fees which could result in a significant payment in 2014/15 which will have to be funded from the Comprehensive Spending Review Reserve. Until a final decision has been reached on this complex area plans must be in place and this approach has been discussed and agreed with the Council's external auditors.

7.5 Based upon the latest forecast overspend, and other potential pressures there is a real risk the CSR will be significantly reduced or in a worse case scenario it could be fully committed in the new financial year. As a result the 2015/16 base budget now includes a provision for exit packages linked to budget reductions which would have been funded from the CSR reserve.

8. **Better Care Fund**

8.1 From April 2015 central government is integrating some social care funding and some health funding into a Better Care Fund which is to be run as a pooled budget between the Council and the Clinical Commissioning Group (CCG). For the Council this includes the s256 funds the Council had received for adult social care and two capital grants; (Social Care and Disabled Facilities Grant). The financial position of this fund will be reported to Members as part of the regular budget monitoring arrangements.

8.2 In addition from April 2015 the new Care Act comes into force. The Council has been notified of a Care Act Implementation Grant for 2015/16 however the detail of the cost implications are still being assessed.

9. **Budget Risk Assessment by the Chief Financial Officer**

- 9.1 When preparing the annual budget the Council's Section 151 officer – the Chief Finance Officer – must comply with a number of statutory requirements as set out in the Local Government Bill 2003. These relate to the robustness of the budget estimates for each financial year and the adequacy of the Council's reserves. This requirement is contained within Clause 25 of Part II of the Bill and forms a fundamental part of the external auditor's assessment each year.
- 9.2 As in previous years, the Council has been through a detailed budget process and consultation in setting the budget for 2015/16. The Council agreed budget savings proposals in October 2014 and these form the basis of the 2015/16 budget.
- 9.3 The budget proposals have been scrutinised by the Priorities and Resources Panel and Stakeholders. The Panel presented a report to the Mayor on their conclusions and recommendations before the Mayor proposed a final budget to Council.
- 9.4 Torbay Council has always adhered to a number of legislative and regulatory requirements which require the robustness of the budget to be considered and the adequacy of the reserves when setting the budget: i.e. sections 25 of the Local Government Act 2003 and the Chief Finance Officer's section 114 responsibilities with respect to managing a balanced budget for the authority. The requirements contained within the 2003 Bill formalise a number of these functions, which has always been implicit within the Council's previous budget setting process.
- 9.5 When recommending a budget to Council for 2015/16, the Mayor needs to give consideration to the Government powers contained within Clause 26 of the Bill with respect to the level of general fund balances and reserves. As part of the budget process I, as Chief Finance Officer and the statutory responsible financial officer, make an assessment as to the level of the Council's reserves and balances and this is outlined below. The Secretary of State for Communities and Local Government has reserve powers to set a minimum level of general fund balances and reserves for local authorities. This may occur as a consequence of the Chief Finance Officer reporting that the level of reserves is inadequate.
- 9.6 To comply with the legislation a report on the level and adequacy of the Council's reserves was prepared and considered as part of the budget papers. In summary section A.7 of the report provided a statement. This statement has been revised to reflect the new pressures the council is faced with.

Chief Finance Officer Statement.

- 9.7 **At this stage of the financial year and based on the latest forecast spend there is a risk that the council will not achieve a balanced budget for 2014/15 without using reserves i.e. the CSR reserve. In addition there are a number of pressures and client commitments which are likely to continue into the new financial year and uncertainty with respect to the ongoing JR for Care Home fees. The impacts of these risks mean that, at this stage, I can only give a qualified opinion that the 2015/16 budget is robust. To enable me to sign off the budget would require a balanced budget position**

at year end and a reduction in existing commitments within Social Care. Therefore I am providing a qualified opinion and a further statement will have to be made in due course.

- 9.8 The Council's General Fund Reserve of £4.4 million represents 3.8% of the Council's overall 2014/15 net budget. If the proposed budget is approved General Fund Reserves will represent 4% of the Council's overall 2015/16 net budget. This percentage increase is due to the fall in the value of the Council's net budget.
- 9.9 Members will be aware that the achievement of savings within the Children's 5 Year Cost Reduction Plan must be kept under review to ensure the repayment of £3.5m to other service reserves in future years as approved by Council.

10 Robust Budget

- 10.1 The achievement of a robust budget each year is an essential element for the effective financial strategy for the council and the management of resources by services.
- 10.2 An updated version of the Medium Term Resource Plan has been prepared as part of the budget papers. The Plan will be continually updated to reflect the latest financial information available and sets out the significant financial challenges the council is facing.
- 10.3 There are a number of risks which can arise during the development of the budget. These include:
- inaccurate assessment of costs and income;
 - the impact of the Business Rates Retention Scheme on council income;
 - failure to identify emerging risks and service pressures through the Council's business planning process;
 - service variations being proposed that are not achievable or realistic;
 - resource allocation not linked to strategic objectives;
 - demand management and the pressures with Children's Safeguarding and Wellbeing;
 - demand management and pressures within Adult Social Care;
 - demand pressures due to the ongoing impact of the Welfare Reforms;
 - a lack of involvement of Members, Stakeholders and local residents;
 - weak budgetary control;
 - Changing nature of budgetary assumptions (see below) in a climate of uncertainty;
 - adequate resources to support the financial management for the council and monitoring, support and financial advice to services and members.
- 10.4 To mitigate against these risks a number of assumptions have been made in the development of the budget for 2015/16. These include:
- the assessment of inflationary pressures. An allowance has been made for the recently announced pay award.
 - price increases are included as part of the budget build. Services have been asked to mitigate against inflationary pressures by reducing purchasing/usage where possible;

- an assessment of the level of interest rates which is contained within the Council's Treasury Management Strategy;
- the assessment of increased demand for services based upon business units assessment of demand;
- an assessment of the level and timing of capital receipts and payments and an assessment of the revenue impact for any planned unsupported borrowing – as shown in the latest capital investment plan update report;
- an assessment of the revenue consequences of any capital investment;
- continued review of actions and emerging issues taking place in 2014-15 as part of the regular budget monitoring process and how these may impact on 2015-16 and later years, in particular volatile budgets such as Children's Safeguarding and Wellbeing , social care, income such as car parking and Concessionary fares;
- the creation of an earmarked contingency for Social care;
- the 5 year Children's cost reduction plan.

10.5 Members will be aware that Directors, Executive Heads and all managers have a responsibility to ensure they maintain their spend within the approved budget allocation. The Council also has in place a series of regular revenue and capital monitoring reports, which are presented to the Overview and Scrutiny Board meetings and all Members which review the budget on a quarterly basis throughout the financial year, which mitigates against the risk of inadequate financial control. In addition the Director of Children's Services will be reporting separately to Overview and Scrutiny so an assessment can be made on the progress in achieving the 5 year cost reduction plan.

11. Local Government Finance Settlement

11.1 This section provides a summary on the outcome of the Local Government Finance Settlement which sets out the formula grant allocation to Torbay in 2015/16. Similar to last year the announcement was extremely late – just before Christmas. However this was the second year of a 2 year settlement and as there were no significant changes the lateness of the announcement has resulted in last minute uncertainty as opposed to a major problem with respect to financial planning

11.2 The final Settlement was announced on 4th February 2015, see paragraph 4.17 above.

11.3 As expected the government has ended the ring fenced funding for the Local Welfare Provision (Crisis Support Fund). Instead of continuing the specific grant for this activity the government have "earmarked" resources for this function within the council's core grant. The government are making a strong hint that council's should continue to provide a scheme which does create an additional pressure. It has been recommended that from 2015/16 the council include a base budget for the continuation of this scheme based on current expenditure levels.

11.4 As part of the announcements the government said that local government had a 1.8% cut to its "Spending Power" when comparing 2014/15 to 2015/16. For comparative purposes this amounts to a 3.0% cut for Torbay, which is significantly higher than the figure for local government. However this calculation includes ring fenced funding for Public Health and additional

resources for the Better Care Fund which included health funds – the latter which comes with new additional responsibilities. When these are taken out of the calculation the cut in Torbay's Spending Power increases to 7.5% and it rises to 13.7% when council tax income is stripped out: the latter a more realistic representation of the financial challenges Torbay faces.

- 11.5 A summary of Torbay's allocation is shown below as set out by the Department for Communities and Local Government.

Table 5

	2013/14	2014/15	2015/16
	£'m	£'m	£'m
Baseline Funding (NNDR)	28.5	29.0	29.6
Revenue Support Grant (RSG)	42.7	35.3	25.6
Settlement Funding Assessment (SFA)	71.2	64.3	55.2

- 11.6 The impact of the announcement cannot be underestimated. The Local Government Finance Settlement shows that Torbay Council's 2015/16 "settlement funding assessment" (SFA) will be £55.2m which compares to £71.2m in 2013/14 and equates to a two year reduction of £16.0m or 22%. The year on year reduction is £9.1m or 14%.
- 11.7 Members will recall that when the Business Rates Retention Scheme was introduced all Devon authorities agreed to form a "pool" for the purposes of Business Rates. It is estimated that Devon will derive significant benefits of business rates income over 5 years. All Devon authorities, with the exception of South Hams, have agreed to continue to be part of the pool in 2015/16.
- 11.8 Under the new funding system the value of the business rate income for the Council is an integral part of a Council's overall funding. Under the previous system billing authorities, like Torbay, collected business rate income on an agency basis on behalf of central government and passed the income to a central pool. This pool was then redistributed to Councils on a "needs" basis. Under the new system Torbay will retain 49% of all business rate income collected with the Council bearing a share of the risk or reward from any variations in income level. This system aims to provide Councils with clear incentives to promote business rate growth.
- 11.9 Due to the importance of this estimate of the value of NNDR income and the impact it has on the Council's income, the DCLG recommend that this estimate is now approved and Members are aware of the estimate being made. The estimated income for the year is submitted as part of the NNDR1 return and will form part of the Council's 2015/16 budget. As the DCLG required this information by 31 January 2015, it was agreed at Council in December 2012, the approval of the level of Business Rates income was delegated to the Chief Finance Officer.

12. **Possibilities and Options**

- 12.1 There are no alternative options to the Council with respect to whether a budget must be set as this is a statutory requirement. However there are alternative spending options which Members may wish to debate before coming to a final decision. Members can make amendments to the proposed budget as set out in the Council's Constitution.

13. **Preferred Solution/Option**

- 13.1 As set out within the report.

14. **Consultation**

- 14.1 Details of the consultation undertaken in relation to the Mayor's Budget proposals are set out in the appendix to this report together with the Equality Impact Assessments.

15. **Risks**

- 15.1 The Chief Finance Officer has a statutory responsibility to report to Council if, in his opinion, the Council sets an unrealistic budget given the information available at the time of the budget setting. In addition to his professional opinion he must, to a degree, be reliant on the advice of his colleague officers. This is particularly the case when approving the 2015/16 budget which will be extremely challenging for the Council and all services both financially and in terms of maintaining service levels.
- 15.2 At the time of writing this report there are a number of risks that have been identified including non achievement of a previously proposed saving, ongoing client commitments that are likely to impact upon the 2015/16 budget and the Judicial Review of Care Home Fees.
- 15.3 As mentioned in this report as a result of the actions taken in preparing the budget forecasts and correspondence from senior officers the Chief Finance Officer can only give a qualified opinion that he is satisfied that the recommended budget is both robust and achievable. A further update as to whether the budget can be declared as a robust and achievable will be made in due course.



Department for
Communities and
Local Government

NATIONAL NON-DOMESTIC RATES RETURN 1 **NNDR1 2015-16**

When complete, please e-mail to : nndr.statistics@communities.gsi.gov.uk

Please enter your details after checking that you have selected the correct authority name

Forms should be returned to the Department for Communities and Local Government
by **Saturday 31 January 2015**

A copy of this form, certified by your Chief Financial / Section 151 officer should be sent to the
Department for Communities and Local Government by the same date

The certified copy of this form should be sent as a .pdf file to nndr.statistics@communities.gsi.gov.uk
There is NO requirement to submit a paper copy of this form.

At the same time, a copy of this form should also be sent to all your major precepting authorities


All figures must be entered in whole £


These instructions highlight the special features of the form and should be read in conjunction with the Guidance
Notes and Validation Checks


Completing the form

1. The form is set up for use by each individual local authority - please select your authority name from the list. The example shows the local authority ZZZZ. Once your local authority name is selected the form will automatically enter data for the cells with a blue border and will also shade out areas that you are not required to complete.

2. There are three different type of input cells:

 * White cell, black border - these are blank for new data - Please ensure all white cells are filled before submitting the form. These are the only cells that you should enter data in. Please enter zero where applicable.

 * White cell, green border - these cells contain calculated data and have the appropriate formula in them. You should not amend these cells but please check you are happy with the calculation.

 * White cell, blue border - these cells contain either data pre-filled by the Department for Communities and Local Government or data brought through from other parts of the NNDR1 2015-16 workbook. You should not amend these figures.

In addition, cells that are in areas that are shaded either grey or green should not be overwritten. The grey areas indicate cells that are not applicable to your authority e.g designated areas, and the cells in the green shaded areas are totals.

Entering data

3. All values in the form should be entered in whole £. Except for part 1 of the form, receipts (eg sums due to the billing authority from ratepayers, or central government) should always be entered as positive numbers. Payments from the authority, or amounts foregone (eg reliefs given to ratepayers) should always be entered as negative numbers. This is different from previous years.

4. You will be prevented from entering data with the wrong sign (+ve when it should be -ve or vice versa).

Checking the Validation Sheet

5. Once both the main form and the supplementary form have been completed go to the two validation sheets and see if any data require further explanation. Most of the tests compare data with data from the NNDR1 for 2014-15 form and if the change in number or percentage terms is higher or lower than we would normally expect, the difference will be shown as will the *Please comment* message. Please enter an explanation for the reason for the change in the cell provided.

For further details on the types of checks we do see the *NNDR1 Validation Checks 2015-16* paper.

Signing the Form

5. When the data have been checked and verified please email the complete file to nndr.statistics@communities.gsi.gov.uk

6. Print a copy of the form for signing by your Chief Financial / Section 151 Officer. The form can be printed by using the defined print area. All 4 sections of the form should be printed and signed.

The signed copy of the form should be sent as a .pdf document to nndr.statistics@communities.gsi.gov.uk. NB We require just one copy of a signed form.

7. A copy of the form should also be sent to your NNDR contact at all your major precepting authorities.

8. If you experience any problems using the form please email nndr.statistics@communities.gsi.gov.uk

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**2015-16**

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 31 January 2015.
In addition, a certified copy of the form should be returned by no later than 31 January 2015 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Select your local authority's name from this list:

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Torbay
E1102
Wendy Urban
01803 207526
wendy.urban@torbay.gov.uk

Ver 1.1a

PART 1A: NON-DOMESTIC RATING INCOME**COLLECTIBLE RATES**

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments

£

36,597,667

TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority

0

3. Sums due from the authority

0

COST OF COLLECTION (See Note A)

4. Cost of collection formula

202,829

5. Legal costs

0

6. Allowance for cost of collection

202,829

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset: Not applicable for your authority

0

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas. Not applicable for your authority

0

9. Amounts retained in respect of Renewable Energy Schemes (See Note B)
of which:

0

10. sums retained by billing authority

0

11. sums retained by major precepting authority

0

NON-DOMESTIC RATING INCOME

12. Line 1 plus line 2, minus lines 3 and 6 - 9

36,394,838

NATIONAL NON-DOMESTIC RATES RETURN - NDR1

2015-16

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 31 January 2015.
In addition, a certified copy of the form should be returned by no later than 31 January 2015 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Local Authority : Torbay

Ver 1.1a

PART 1C: SECTION 31 GRANT (See Note C)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 & 2014 Autumn Statements

Column 2
Torbay

Column 3

Column 4
Devon and
Somerset Fire
Authority

Column 5
Total

2015-16 Multiplier Cap

24. Cost of 2% cap on 2015-16 small business rates multiplier

£	£	£	£
260,071	0	5,308	265,379

Small Business Rate Relief

25. Cost of temporary doubling of SBRR

999,361	0	20,396	1,019,757
---------	---	--------	-----------

26. Cost to authorities of maintaining relief on "first" property

104,401	0	2,130	106,531
---------	---	-------	---------

"New Empty" Property Relief

27. Cost to authorities of giving relief to newly-built empty property

24,019	0	490	24,509
--------	---	-----	--------

"Long Term Empty" Property Relief

28. Relief on occupation of "long-term empty" property

0	0	0	0
---	---	---	---

Retail Relief

29. Relief provided to retail properties

328,645	0	6,708	335,353
---------	---	-------	---------

TOTAL FOR THE YEAR

30. Total amount of Section 31 grant due to authorities

£	£	£	£
1,716,497	0	35,032	1,751,529

Certificate of Chief Financial Officer / Section 151 Officer

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer
or Section 151 Officer :

M Phillips

Signature :

M Phillips

Date :

27/1/15

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.1a

Local Authority : Torbay

PART 2: NET RATES PAYABLE

You should complete column 1 only

GROSS RATES PAYABLE

(All data should be entered as +ve unless specified otherwise)

	Column 1 BA Area (exc. Designated areas) Complete this column	Column 2 Designated areas Do not complete this column	Column 3 TOTAL (All BA Area) Do not complete this column
	£	£	£
1. Rateable Value at <input type="text" value="07/01/2015"/>	<input type="text" value="98,092,844"/>	<input type="text" value=""/>	<input type="text" value="98,092,844"/>
2. Small business rating multiplier <input type="text" value="48.0"/> for 2015-16 (pence)			
3. Gross rates 2015-16 - (RV x multiplier)	<input type="text" value="47,084,565"/>	<input type="text" value="0"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="-300,000"/>	<input type="text" value=""/>	
5. Forecast gross rates payable in 2015-16	<input type="text" value="46,784,565"/>	<input type="text" value="0"/>	<input type="text" value="46,784,565"/>

TRANSITIONAL ARRANGEMENTS (See Note E) - Not applicable in 2015-16

6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
7. Additional income received because reductions in rates have been deferred (Show as +ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
8. Net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
10. Forecast net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

TRANSITIONAL PROTECTION PAYMENTS (See Note F) - Not applicable in 2015-16

11. Sum due to/(from) authority	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
---------------------------------	--------------------------------	--------------------------------	--------------------------------

MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)

Small Business Rate Relief

12. Forecast of relief to be provided in 2015-16	<input type="text" value="-4,230,398"/>	<input type="text" value="0"/>	<input type="text" value="-4,230,398"/>
13. of which: relief on existing properties where a 2nd property is occupied	<input type="text" value="-210,000"/>	<input type="text" value="0"/>	<input type="text" value="-210,000"/>
14. Additional yield from the small business supplement (Show as +ve)	<input type="text" value="1,005,833"/>	<input type="text" value="0"/>	<input type="text" value="1,005,833"/>
15. Net cost of small business rate relief (line 12-line 14)	<input type="text" value="-3,224,565"/>	<input type="text" value="0"/>	<input type="text" value="-3,224,565"/>

Charitable occupation

16. Forecast of relief to be provided in 2015-16	<input type="text" value="-3,434,575"/>	<input type="text" value="0"/>	<input type="text" value="-3,434,575"/>
--	---	--------------------------------	---

Community Amateur Sports Clubs (CASCs)

17. Forecast of relief to be provided in 2015-16	<input type="text" value="-150,006"/>	<input type="text" value="0"/>	<input type="text" value="-150,006"/>
--	---------------------------------------	--------------------------------	---------------------------------------

Rural rate relief

18. Forecast of relief to be provided in 2015-16	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
--	--------------------------------	--------------------------------	--------------------------------

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.1a

Local Authority : Torbay

PART 2: NET RATES PAYABLE

You should complete column 1 only

Column 1
BA Area (exc.
Designated areas)

Column 2
Designated
areas

Column 3
TOTAL
(All BA Area)

35. Forecast of discretionary relief to be provided in 2015-16 (Sum of lines 27 to 32)

-397,786

0

36. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)

0

0

37. Total forecast discretionary relief to be provided in 2015-16

-397,786

0

-397,786

DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT

(See Note K) (All data should be entered as -ve unless specified otherwise)

"New Empty" properties

38. Forecast of relief to be provided in 2015-16

-48,314

0

-48,314

"Long term empty" properties

39. Forecast of relief to be provided in 2015-16

0

0

0

Retail relief

40. Forecast of relief to be provided in 2015-16

-661,066

0

-661,066

41. Forecast of discretionary reliefs funded through S31 grant to be provided in 2015-16 (Sum of lines 38 to 40)

-709,380

0

42. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)

-200,000

0

43. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2015-16

-909,380

0

-909,380

NET RATES PAYABLE

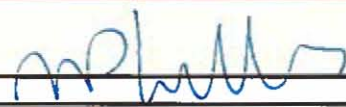
44. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs

£
37,478,550

£
0

£
37,478,550

Checked by Chief Financial / Section 151 Officer :

 25/11/15

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.1a

Local Authority : Torbay

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas) <i>Complete this column</i>	Designated areas		Column 4 TOTAL (All BA Area) <i>Do not complete this column</i>
	£	Column 2 <i>Do not complete this column</i> £	Column 3 <i>Do not complete this column</i> £	£
NET RATES PAYABLE				
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	37,478,550	0	0	37,478,550
(LESS) LOSSES				
2. Estimated bad debts in respect of 2015-16 rates payable	-472,232	0	0	-472,232
3. Estimated repayments in respect of 2015-16 rates payable	-408,651	0	0	-408,651
COLLECTABLE RATES				
4. Net Rates payable less losses	36,597,667	0	0	36,597,667
DISREGARDED AMOUNTS				
5. Renewable Energy	0	0	0	0
6. Transitional Protection Payment		0	0	
7. Baseline		0	0	
DISREGARDED AMOUNTS				
8. Total Disregarded Amounts		0	0	Total Designated Areas 0

Checked by Chief Financial / Section 151 Officer :

[Signature] 27/1/15

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2015-16

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.1a

Local Authority : Torbay

PART 4: ESTIMATED COLLECTION FUND BALANCE

OPENING BALANCE

	£	£
1. Opening Balance (From Collection Fund Statement)		-3,841,263

CREDITS

2. Total amount credited, or to be credited, to the Collection Fund in 2014-15	36,371,416	
3. Transitional protection payments received, or to be received in 2014-15	0	
4. Transfers/payments to the Collection Fund for end-year reconciliations	0	
5. Transfers/payments into the Collection Fund in 2014-15 in respect of a previous year's deficit	3,391,644	
6. Total Credits		39,763,060

CHARGES

7. Total amount charged, or to be charged, to the Collection fund in 2014-15		
8. Transitional protection payments made, or to be made, in 2014-15	0	
9. Payments made, or to be made, to the Secretary of State in respect of the central share in 2014-15	-17,748,637	
10. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2014-15	-354,974	
11. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2014-15	-17,598,708	
12. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2014-15	-205,044	
13. Transfers/payments from the Collection Fund for end-year reconciliations	0	
14. Transfers/payments made from the Collection Fund in 2014-15 in respect of a previous year's surplus		
15. Total Charges		-35,907,363
16. Adjustment for 5-Year Spread - not applicable for your authority		0

ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2014-15

	£	£
17. Opening balance plus total credits, less total charges		14,434

Checked by Chief Financial / Section 151 Officer :

 27/1/16



Meeting: Overview & Scrutiny Board **On:** 22nd October 2014
Council 30th October 2014

Wards Affected: All

Report Title: Review of Reserves 2015/16

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

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

1 Purpose

- 1.1 The Council holds a number of reserves as part of its approach to maintain a sound financial position and to demonstrate that there are no material uncertainties about the Council as a going concern. The requirement for financial reserves is linked to legislation such as Local Government Act 1992 which requires Councils to “have regard” to the level of reserves needed to meet future expenditure when calculating a budget. The application and use of reserves supports the achievement of service delivery and improvements in the Bay, as outlined in the Community and Corporate plans and related strategies. In addition the use of reserves can support any in year service budgetary pressures or budget pressures arising from Central Government’s ongoing funding reductions.

2 Proposed Decision

Overview & Scrutiny Board

- 2.1 That the Board review the report and make recommendations to Council as appropriate

Council

- 2.2 That Council approve the transfer of £3.4m identified on a number of individual reserves (see paragraph A2.9) to the Children’s Services 5 year Strategy Reserve.
- 2.3 That Council note the repayment of the £3.4m by Children’s Services from future year budget allocations for Childrens Services based on the repayment schedule identified in paragraph A2.6.
- 2.4 That Council note the, previously approved, use of £1.5m of PFI Reserve during 2014/15 by Childrens Services which is also due to be repaid by Children’s services.
- 2.5 That Council note the significant financial pressures facing the Council in 2014/15, 2015/16 and in future years, and consider during the 2015/16 budget process the allocation of additional funds to the Comprehensive Spending Review Reserve and/or the General Fund Reserve.

3 Reasons for Decision

- 3.1 A Review of Reserves is a key part of the Council’s budget setting process. Consideration of reserve levels is linked to legislation for budget setting contained in both the Local Government Acts of 1992 (section 31A & 42A) and 2003 (section 25) and linked to section 114 of the Local Government Finance Act 1988.
- 3.2 Approval of the recommendations will assist Childrens Services to deliver their cost reduction plan.

4 Summary

- 4.1 This report is highly influenced by the significant financial risks facing the Council both from current financial pressures within Childrens social care (safeguarding and wellbeing) and the substantial budget reductions required for 2015/16 and future years. There is a risk that in future years the Council will not have enough identified reserves to support the 50% off expenditure required to meet any in year budget

shortfalls, costs for restructuring due to budget reductions, the approved Childrens Services Cost Reduction Plan and any delays in implementing savings.

- 4.2 As part of the Childrens Services 5 Year Cost Reduction Plan, due to be approved by Council in October 2014, it is recommended that Council approve the transfer of £3.4m from a number of reserves to fund planned spend in Childrens with Children's Services repaying the reserve in 2017/18 & 2015/19. It is important that these reserves are repaid or there will be additional budget pressures for other services within the Council.
- 4.3 As part of the 2014/15 Review of Reserves Council approved "the transfer of £1.5m from the PFI Sinking Fund to Childrens Services on an "invest to save" basis. Childrens Services to repay the reserve in future years". The use of this £1.5m is expected to be substantially used during 2014/15. This repayment is in addition to the £3.4m required as part of the Childrens Services 5 year Cost Reduction Plan.
- 4.4 As an implication of the in year budget pressures and estimated future costs of budget reductions additional funds it is recommended that Members consider during the 2015/16 budget process the allocation of additional funds to the Comprehensive Spending Review Reserve and/or the General Fund Reserve.
- 4.5 Members are reminded of the advice previously given by The Chief Finance Officer that reserves should not be used for supporting ongoing recurring expenditure. This is not financially sustainable as reserves can only be spent once.

For more detailed information on this proposal please refer to the supporting information attached.

Paul Looby
Chief Finance Officer

Supporting information

A1. Introduction

A1.1 A Review of Reserves is part of the Council's annual budget process.

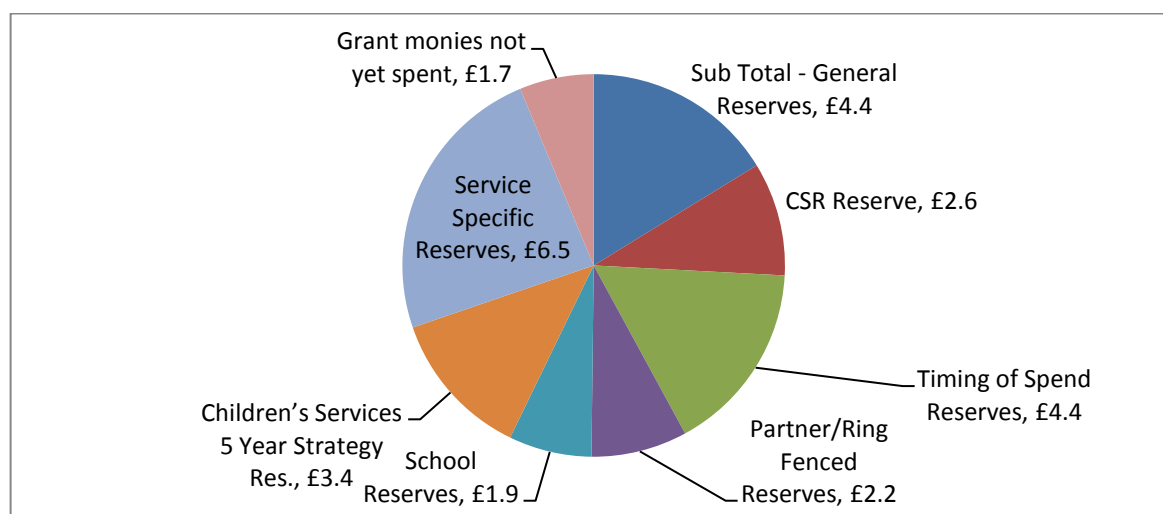
A2 Review of Reserves 2015/16

A2.1 Overview

A2.2 As at 31/03/2014 Torbay Council's reserves were as follows:-

	31/3/13 actual	Change in year	31/3/14 actual	31/3/15 estimate
	£m	£m	£m	£m
General Fund Reserve	4.4	0	4.4	4.4
Sub Total - General Reserves	4.4	0	4.4	4.4
Comprehensive Spending Review Reserve	3.1	0.7	3.8	2.6
Timing of Spend Reserves	10.0	(3.2)	6.8	4.4
Partner/Ring Fenced Reserves	3.2	0.6	3.8	2.2
School Reserves	3.2	(0.4)	2.8	1.9
Children's Services 5 Year Strategy Res.	0	0	0	3.4
Other Service Specific Reserves	10.2	2.4	12.6	6.5
Grant monies not yet spent	2.0	1.1	3.1	1.7
Sub Total – Earmarked Reserves	31.7	1.2	32.9	22.7
Total Reserves	36.1	1.2	37.3	27.1

A2.3 From the table above, the estimated balances (in £m) as at 31/3/15 after the allocation of £3.4m to Childrens Services is as follows:



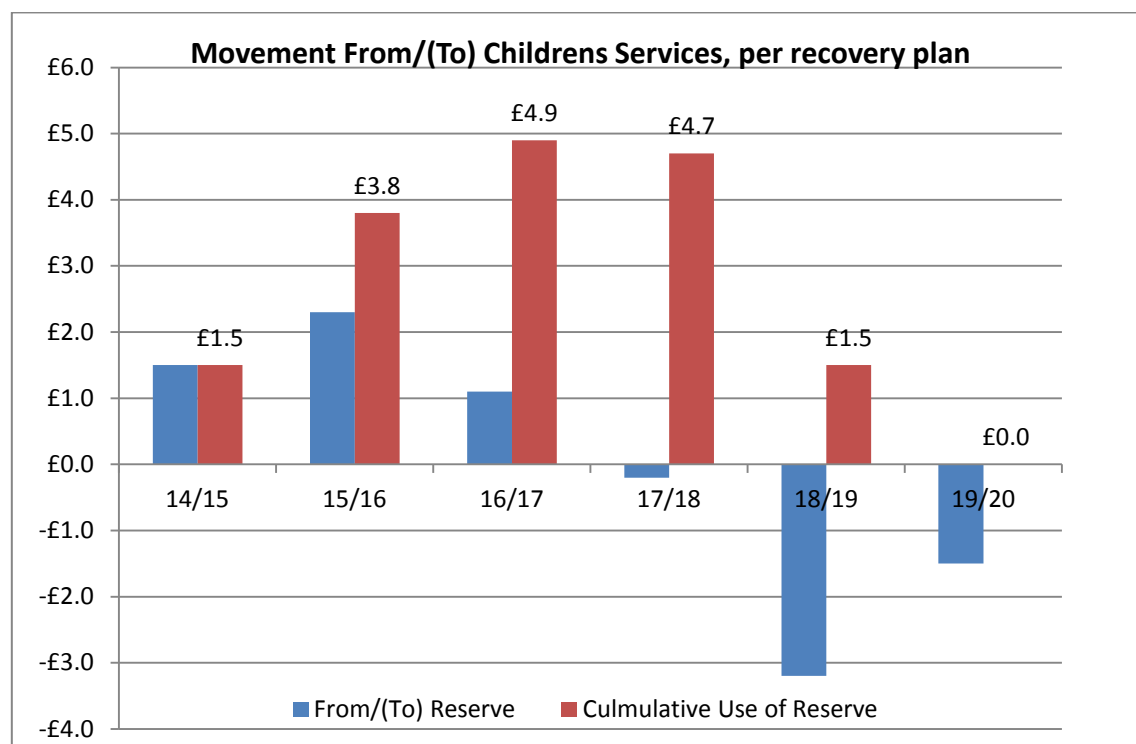
A2.4 A list of the Council's Reserves as at 31/03/2014 is attached at Appendix 1.

A2.5 The table in A2.2 shows that the total reserves held by the Council increased by £1.2m during 2013/14. The General Fund Reserve remained at £4.4 million during the same period. This is discussed in more detail below.

A2.6 Included in this agenda Council is asked to approve a five year cost reduction plan for Childrens Services which requires the use of £3.4m of reserves to fund children services budget pressures in 2015/16 and 2016/17 before the service will have introduced and embedded service changes which will result in savings compared the current level of spend which will enable children's services to repay the reserves used to fund the £3.4m. The Plan identified that £0.2m will be repaid in 2017/18 and £3.2m will be repaid in 2018/19. The £3.4m will be re allocated to service reserves by the Chief Finance Officer if there is still an expenditure pressure on these reserves in the future.

A2.7 The £3.4m is in addition to the previously approved use of £1.5m from the PFI Sinking Reserve which is also to be repaid by Children's Services, with the assumption that this £1.5m will be used in 2014/15 with repayment in 2019/20.

A2.8 The use of these reserves to support Childrens Services and their repayment is shown in the bar chart below.



A2.9 The reserves identified to fund the £3.4m required for Childrens' Services are shown in the table below. The reserves have been selected where there are not any definite expenditure commitments or expenditure is expected in future years. In addition a 20% general reduction over a number of reserves has also been made. It is expected that these reserves will be repaid by Children's services in future years. The risk and potential implication of reducing these reserves is summarised below:

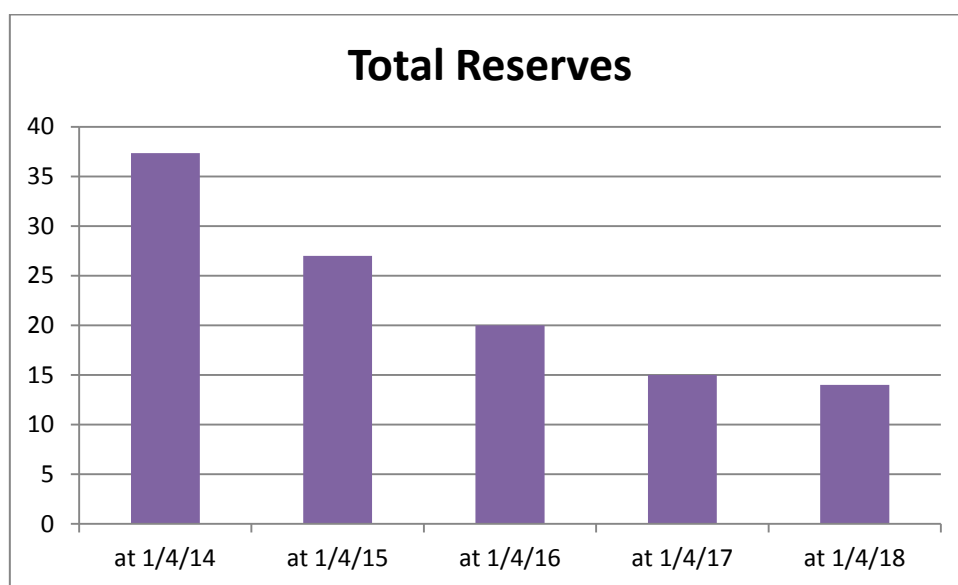
Reserve	Reduction £000's	Reduction %	Implication if reserve NOT repaid
Office Rationalisation	55	20	Budget pressure if future revenue costs of office rationalisation exceed available reserve
Crematorium	5	20	Budget pressure if future costs of Council responsibility re churchyards exceed available reserve
Asset Issues	45	20	Budget pressure if future costs of asset disposals exceed available reserve
Employment Issues	50	36	No commitments on this reserve, however no funds for re skilling and training of staff
Education Early Retirement	34	20	Budget pressure if future costs of teacher redundancy exceed available reserve
Insurance	750	18	Less reserve for potential insurance costs
Harbours	86	10	Reduced spend on Harbour estate and equipment
Equipment Fund	31	12	Budget pressure if future costs of IT and other system replacement exceed available reserve
PFI Sinking Fund	896	28	Budget pressure within Childrens Services to meet ongoing increased PFI contract annual costs
Public Health – Disease Outbreak	435	100	Any costs to be funded from the ring fenced public health reserve or a budget pressure
Prudential Borrowing Reserve	180	19	Future year budget pressure and premiums paid, if any, on repayment of borrowing will be a budget pressure.

Regeneration	35	100	Reduced funds to progress future regeneration schemes
South Devon Link Road	252	27	Higher ongoing prudential borrowing costs which will be a cost to the service
Taxi Reserve	7	20	Budget pressure if future costs of taxi license costs exceed available reserve
Universal Credit	449	100	Budget pressure if Universal Credit introduced with no central government funding
Waste Strategy	90	20	Budget pressure if future costs of EFW and waste tonnages exceed available reserve
Total Identified	3,400		

A2.10 This report has assumed that the 2014/15 budget breaks even and that budget pressures currently forecast in social care, both Adults and Childrens, and in Residents and Visitor services can be offset by savings elsewhere combined with the achievement of in year recovery plans such as the £1.8m savings already identified for Childrens Services.

A2.11 If there is an overspend in 2014/15 this will be funded from the Comprehensive Spending Review Reserve which, if significant, will deplete the reserve earlier than predicted which will result in a budget pressure for the Council in future years to support budget reductions such as restructuring costs. If such an event occurs then the Chief Finance Officer will give consideration to transferring the remaining balance on the prudential borrowing reserve of £0.752m to the Comprehensive Spending Review Reserve. The consequence of this action will be to create an ongoing budget pressure (approx £0.040m p.a) and premiums paid, if any, on repayment of borrowing will be a budget pressure.

A2.12 Each reserve has been assessed for its estimated balance as at 31st March 2015 and for the estimated additions or withdrawals from the reserve during 2015/16 and future years. This is included in the table at Appendix 1. This table is shown after the recommendations arising from this report, but excludes the £4.9m repayments (£3.4m + £1.5m) by Childrens Services.



A2.13 The table in A2.2, (based on this review of reserves), shows that the level of reserves is expected to decrease by £10m during 2014/15 to £27m. The actual balance at year end will depend on spend during the year and any year end service carry forwards from unspent revenue funds and/or unspent grant allocations.

A3.0 **Guidance on the Management of Reserves**

A3.1 The CIPFA guidance on Reserves and Balances (LAAP bulletin 99 issued July 2014) advises that “Chief Finance Officers should take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, such as the ability to deliver planned efficiency savings”.

- A3.2 The CIFPA guidance lists a number of assumptions to be considered when forming a budget, which although these directly link to the setting of a budget, the level of risk and uncertainty of these assumptions are be relevant in determining an appropriate level of reserves. Assumptions to consider include inflation, demand led pressures, delivery of planned savings and risks from new partnerships or ways of working.
- A3.3 The Audit Commission in December 2012 issued a report “Striking a Balance” seeking to improve Council’s decision making on reserves.
- <http://www.audit-commission.gov.uk/wp-content/uploads/2012/12/strikingabalance.pdf>
- A3.4 In undertaking a detailed annual review of reserves that is presented to both Overview and Scrutiny Board and Council, Torbay Council is largely complying with most of the recommendations in this report.
- A3.5 It is important to differentiate between general and uncommitted reserves and reserves held for a specific purpose. It is only the general and uncommitted reserves that could be used to support “short term costs”. As shown in the table above, the Council’s uncommitted reserves was the Comprehensive Spending Review reserve (£3.8m) which is expected to be used to support redundancy costs arising from future reductions in government funding to Councils and £4.4m is the Council’s general fund balance which is discussed later. The Council does not have a large value of unallocated reserves compared to its overall budget or compared to the value of budget reductions required over the next few years or compared to the value of the 2014/15 in year pressures for social care.
- A3.6 The Chief Finance Officer is reluctant to use any reserve funds, which can only be spent once, to support ongoing expenditure as that is not financially sustainable as it only delays the impact of the required budget reductions. Any use of reserves for ongoing spend by a service on an invest to save basis or as a short term strategy such as the 5 Year Childrens Services Cost Reduction Plan which must be repaid by the same service and will become a call on future year’s budgets.
- A3.7 This position taken by the Chief Finance Officer is similar to CIPFA guidance which says “Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as how such expenditure will be funded in the medium to long term”.
- A4 Earmarked Reserves
- A4.1 The proposed changes to earmarked reserves are outlined in paragraph A2.9 above. The following paragraphs make specific comments on a number of reserves. A summary of each reserve and their purpose is included as Appendix Two. Further information on all Council Reserves is available that shows details about each reserve, including the reason/purpose of the reserve, how and when the reserve can be used and the process for retention of each reserve to ensure continuing relevance and adequacy.
- A4.2 Comprehensive Spending Review Reserve – balance £3.8m 31/3/14 (£2.6m 31/3/15)
- A4.3 The Comprehensive Spending Review Reserve was originally established in 2010/11. The purpose of this reserve was identified as follows:
- short term support for the (revenue) budget while services adjust spending to new levels
 - financing of any costs in relation to reducing services and therefore staff numbers
 - to support any initial costs of changing service delivery that will result in future savings
- Any use of this reserve for invest to save schemes must be supported by a robust business case and signed off by the Chief Finance Officer.
- A4.4 As part of the 2014/15 review of reserves an additional £0.6m was transferred to this reserve from other reserves. During 2012/13 £0.8m was used to fund the costs of staff reductions for the 2014/15 budget.
- A4.5 The cost of severance packages for staff as the Council faces budget reductions are an ongoing significant budget pressure. The highest cost of “exit packages” over the past three years was £1.5m however £1.0m has been assumed for 2014/15 and £1.0m assumed for subsequent years.
- A4.6 This reserve will also be used to support any transitional funding offered as part of the 2015/16 budget and if there is an overspend in 2014/15, as currently predicted, this will have to be funded from this reserve if compensating savings cannot be found. This report assumes that 2014/15 will break even and the transitional funding is as per the 2015/16 budget reduction proposals.

A4.7 Assuming no use of this reserve in 2014/15 to support any in year overspend this reserve will be fully committed in 2017/18, which means that the Council will have to identify additional resources to fund any costs of making the expected budget reductions in 2018/19 and future years. Given the in year budget pressures and estimated future costs of budget reductions it is recommended that Members consider during the 2015/16 budget process the allocation of additional funds to the Comprehensive Spending Review Reserve and/or the General Fund Reserve or establish a contingency within the Revenue budget.

A4.8 Timing of Expenditure Reserves – balance £9.9m 31/3/14 (£6.1m 31/3/15)

A4.9 These reserves arise as a result of differences in timing between the reserve being established and the expenditure being incurred. Some of these are short term, such as service carry forwards, unspent revenue grants and the collection fund, where the expenditure should be incurred within 12 months. Other reserves are spreading costs over a number of years, such as the PFI sinking fund that equalises the costs of the annual unitary charge over the 25 years of the contract.

A4.10 PFI Sinking Fund

As part of the 2014/15 Review of Reserves Council approved; “the transfer of £1.5m from the PFI Sinking Fund to Childrens Services on an “invest to save” basis. Childrens Services to repay the reserve in future years”. The use of this £1.5m is expected to be substantially used during 2014/15; however the terms of repayment have yet to be agreed with the Director of Childrens Services. This repayment is in addition to the £3.4m required as part of the Childrens Services 5 year Cost Reduction Plan.

To support the Plan an additional £0.9m is proposed to withdrawn from this reserves (see para A2.9) which will reduce the reserve to be equal to the expected revenue shortfall on the Council's PFI contract for the next three years (£0.6m) until Childrens Services start to repay reserves in 2018/19.

It is important that this reserve is repaid as the PFI contract has steadily increasing costs over the 25 life of the contract to 2027. If the reserve is not repaid, then Childrens Services will have to reduce other service budgets to fund these increased costs.

A4.11 Collection Fund

The Collection Fund Adjustment Account (formally Collection Fund Reserve) is slightly different from all other reserves and includes both Council Tax and NNDR. For Council Tax, legislation requires any balance (surplus or deficit) to be applied at the next Council Tax setting to the three major precepting authorities (Torbay, Devon & Cornwall Police Authority and Devon and Somerset Fire Authority). (Note Brixham Town Council as a minor precepting body does not bear any share of surplus or deficit). For NNDR, as a result of the introduction of the new Local Government funding arrangements from April 2013, the Council bears a 49% share of the risk and reward of changes in the level of National Non Domestic Rate income. Changes from the Council's initial National Non Domestic Rate income estimate arising from changes in yield and collection will now also result in a Collection Fund surplus or deficit. The Council's share of any surplus or deficit will impact on the forthcoming year.

Estimates of future year surpluses will be included in the 2015/16 Budget Setting process and reflected in the Medium Term Resource Plan.

A4.12 Partner/Ring Fenced Reserves – balance £6.6m 31/3/14 (£4.1m 31/3/15)

A4.13 These reserves are outside the Council's direct control in that the reserves are linked to funds held by partner organisations, schools, Economic Development Company or ring fenced Council services such public health. The harbour reserves have been included in this category as the Council in the past has chosen to operate this Council service as if it were ring fenced. As per the table (A2.9) it is proposed that there are reductions to support Childrens Services pending repayment in future years.

A4.14 The balance of £2.8m held by schools as at 31st March 2014 under delegated funds will change based on expenditure in schools and are likely to continue to reduce as more Council schools become academies. As a result a reduction in the balances held by schools has been shown in Appendix 1.

A4.15 Specific Issue Reserves - balance £12.7m 31/3/14 (£9.9m 31/3/15)

These are reserves set aside for specific expenditure purposes.

A4.16 Insurance Reserve

The balance as at March 2014 for both the insurance reserve and the insurance provision before the addition of any current year surplus due to timing of claims was approximately £4.6 million. The Council's insurance team in consultation with the Chief Finance Officer review the earmarked amounts on an annual basis and take advice from an insurance actuary to ensure the adequacy of the reserves. The last actuarial review was a review as at March 2014.

As the 2014/15 budget included a reduction to the annual revenue contribution to the reserve for claims and a reduction in the total reserve of £0.250m to be released over the next five years, this increases the risk of the reserve being inadequate in the longer term from both changes in premiums and the number and value of claims. Given the potential long lead in time for certain insurance claims, such as those relating to children and certain types of industrial diseases, any shortfall in this reserve may not be realised for a number of years.

In the light of the above risks the proposal in paragraph A2.9 to use of £0.750m from the reserve to support the Childrens Services Reserve in the short term, the repayment in future years will be important.

A4.17 Potential Liabilities

The Council, as identified in its Statement of Accounts, has given a number of guarantees. The Council has also entered a number of contracts which could lead to a future liability such as dilapidation costs on leased in buildings. In particular the Council has provided a guarantee to bankers to the Torbay Coast and Countryside Trust for £975,000 to provide cover for the Trust's loan and overdraft facility. If the bankers call the guarantee the Council will have to fund the £975,000 from its own resources which will probably result in the use of, as yet unidentified, reserves.

In addition the Council has provided a number of guarantees for pension liabilities to services now outsourced, such as Provider Trust and the Economic Development Company, however it is unlikely that these guarantees will result in a cash payment from the Council.

A5 Review of Provisions and other Potential Liabilities

A5.1 In addition to earmarked and general reserves the Council also holds provisions for a number of issues where the Council has a clear liability which is probable to result in a payment but the amount and timing of the potential payment is uncertain.

A5.2 As at 31/03/2014 Torbay Council's provisions were as follows:-

12/13		13/14	Change
£m		£m	£m
0.7	Insurance Provision	0.5	(0.2)
0	NNDR Appeals	1.2	1.2
0.4	Restructure/Budget Reductions	0.1	(0.3)
0.8	Other Provisions	0.4	(0.4)
1.9	Total Provisions	2.2	0.3

A5.3 The provisions above were based on the latest information as to the value of the potential liability, as such no changes in the value of these are proposed. It is expected that the majority of these provisions will be used within 2014/15 except insurance where the "time lag" on claims being notified and settled is often over one year. Other provisions tend to be linked to specific issues such as carbon allowances.

A5.4 The provision for NNDR appeals as at 31st March 2014 is new as a result of the introduction of the NNDR Business Rates Retention Scheme and forms part of the Collection Fund – see para A4.12 above. When the scheme was introduced in April 2013 the Council now gains or loses a 49% share of any movements in NNDR income. This includes the ongoing impact and repayment from any successful NNDR appeals made. This includes a 49% share of any costs paid since April 2013 arising from refunds relating to financial years before April 2013 which were previously fully funded from central government.

A6 General Fund Reserve - Risk Assessment and Sensitivity/Scenario Appraisal

A6.1 The Council's General Fund Reserves of £4.4 million represents 3.8% of the Council's net 2014/15 budget. This level of "unallocated financial reserves" is lower than average compared to other unitary Councils. (see para A7.2).




- A6.2 The CIPFA guidance on reserves does not recommend a statutory minimum level of reserves. It states that “Local Authorities should make their own judgements on such matters taking into account all the relevant local circumstances which will vary between Authorities”. CIPFA also state that “a well managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of reserves”.
- A6.3 A risk assessment of all 2014/15 budgets suggest that the maximum overspend in any year, if all services were subject to adverse pressures and where there isn't any specific service related earmarked reserve, would be £8.8 million or 7% of 2014/15 net revenue budget. An estimate should be added to reflect any, as yet unknown, in year budget pressures, potential Bellwin scheme claims (emergency planning) and to reflect the financial risks inherent in any significant new partnerships, outsourcing or capital developments, say £1.0 million. This would result in a required General Fund reserve of £9.8 million or 8% of net budget. The current level of General Fund Reserve will cover just under 45% of this sum.
- A6.4 This risk assessment overall is similar to the previous year as the higher value areas of volatility that were identified as a high risk last year have continued to cause pressures on the Council's revenue budget still exist. In addition the challenges of achieving the ongoing significant budget reductions from central government create a major risk of budget variations.
- A6.5 A continuing key consideration within this risk assessment is the level of the risk of budget variances passed to partners or other suppliers via service delivery contracts. A key partner for the Council is the Torbay and Southern Devon Health and Care NHS Trust as the level of funding to the Trust is over £43 million per annum. For 2014/15 the Care Trust and Council have not agreed to share the risk of any over or under spends on the most volatile budget area. Although the Council and Trust (and the new provider after the acquisition process due to be completed during 2015/16) are discussing risk share arrangements for 2015/16 as part of the 2015/16 budget process. The expectation is there will be a risk share as part of the ICO, however for the purposes of this report until this has been finalised it is considered a risk.
- A6.6 A prudent risk based approach to budget setting and reserve levels will have mitigated some risks of an overspend, although it should be noted that in areas of high risk such as, Childrens Social Care, have already declared a significant budget pressures over the past few years. The Childrens Service 5 Year Cost Reduction Plan should help to mitigate some of the risks associated with this service.
- However it is unlikely that all budgets will be adversely affected in the same year or that there will be no underspend arising from savings or additional income. Therefore the General Fund Reserve should be equal to 50% of the total assessed risk in any financial year (which equals to 4.2% of 2014/15 net revenue budget). This for 2015/16 will result in a required general fund reserve balance of £4.9 million. At this stage the current general fund balance of £4.4 million is £0.5 million below the target level.
- A6.7 Following consideration of the above, in the opinion of the Chief Finance Officer, the current level of general fund reserve should not be reduced and ideally increased to reflect the higher level of risk, as balances would fall below a prudent minimum level. Therefore it is recommended that Members give consideration to increase the level of this reserve as part of its Medium Term Resource Plan.
- A6.8 The 2015/16 budget to be presented in February 2015 to Members will also include an assurance statement from the Chief Finance Officer about the adequacy of the proposed financial reserves, in accordance with the requirements of section 25 of the Local Government Act 2003.

Capital Investment Plan

- A6.9 It is assumed that in the circumstances of a significant overspend within the Council's capital programme this will be covered by alterations to the timing of the Council's capital investment plan; use of the capital contingency or from additional borrowing within the Council's approved Prudential Indicators. Any additional borrowing costs would have to be met from the Council's revenue budget.
- A6.10 The Council's capital plan has a contingency of £0.6 million – this is approximately 1% of the current four year capital plan. It should be noted that all capital projects should have contingencies within the individual project costs.
- A6.11 The capital resources that the Council has available is reducing from central government grants and capital income from contributions such as S106 developer agreements and the delays in establishing a Community Infrastructure Levy. In addition as revenue budget cuts are made the affordability of prudential borrowing is more limited. This gives fewer options to allocate funding for any urgent capital projects such as infrastructure works. Members could give consideration to allocating reserves to support capital expenditure.

A7 Comparison with Other Councils:

- A7.1 The Audit Commission Report, (paragraph A3.3 above) does state that the amount that Councils need or choose to hold in reserve varies due to local circumstances. This does make any comparison with other Council's to contain a "health warning".
- A7.2 A comparison of Torbay Council reserves as at 31/3/13 with data for 9 other similar unitary authorities and Torbay's "local" neighbours of Cornwall, Devon and Plymouth using a CIPFA comparison site is shown below:

	Torbay	Group Average	
Financial Reserves as a % of net revenue expenditure	25% (9th/13)	30%	
Earmarked Reserves divided by net revenue expenditure	£188k (7th/13)	£177k	
Unallocated (General) Reserves divided by net revenue expenditure	£31k (11th/13)	£68k	

Note – Audit Commission data excludes school and public health reserves.

- A7.3 This results shows that the profile of Torbay's total reserves are lower than average, however within that total Torbay's earmarked reserves were slightly higher than average, but more than offset by below average on general reserve. This shows that Torbay's general fund reserve is on the lower limit of being reasonable. The Audit Commission report (see para A3.3) found that general fund reserve levels were typically between 3% and 5% of net budget. Torbay's general reserve is 3.8%.

A8 Chief Finance Officer Statement.

- A8.1 On the assumption that a balanced budget can be achieved for 2014/15 and a robust budget set and realistic savings are identified and delivered for 2015/16, I am satisfied that the Council's General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council's Financial Plans for 2015/16 and to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment.
- A8.2 To support the statement in A8.1 above, it is important to keep the achievement of savings within the Childrens 5 Year Cost Reduction Plan under review to ensure the repayment of £3.4m to other service reserves in future years.

A9 Governance of Reserves.

- A9.1 Appendix 1 shows the projected balances of the reserves at the end of the current financial year and future years. These balances are based upon planned levels of spending. In the event of any unplanned expenditure occurring in the financial year current Standing Orders and Financial Regulations will apply.
- A9.2 The Reserves will continue to be reported as part of the Council's Statement of Accounts and subject to a formal annual review and challenge as part of the budget process by both members and senior officers. Councillors should consider the Council's General Fund Reserve as part of the annual budget setting process.
- A9.3 Any quarterly reporting of issues relevant to earmarked reserves will be on an exception basis. Where appropriate a "withdrawal from reserve" form is completed and signed by the Chief Finance Officer and the Mayor.
- A9.4 Any budget variations that are reported to Council which cannot be funded from existing revenue resources will then, as a consequence, impact on the projected balance on the General Fund Reserve.
- A9.5 Schools reserves are part of the delegated schools funding and these reserves remain at the discretion of the Head Teachers and Governing Bodies.

A10 Risk assessment of preferred option

A10.1 Outline of significant key risks

A10.2 It is important that the issues raised in this report are considered by Members and appropriate action is taken, where necessary, to ensure that the Council has adequate reserves in the short and medium term. Failure to consider the issues raised within this report and take appropriate action could result in the Council having insufficient reserves that could adversely impact on the revenue budget and the longer term financial viability of the Council.

A10.3 The two major risks facing the Council at present are the extremely challenging budget reductions as part of the Government's Comprehensive Spending Review and ongoing financial pressures from childrens social care and the achievement of the 5 Year Cost Reduction Plan and the repayment of reserves from future year savings.

Appendices

Appendix 1	Review of Reserves 2015/16
Appendix 2	Summary of Council Reserves

2015/16 - Review of Reserves

<u>Reserves</u>	Balance as at 1/4/14 £'000	Balance as at 1/4/15 £'000	Balance as at 1/4/16 £'000	Balance as at 1/4/17 £'000	Balance as at 1/4/18 £'000
General Reserves					
General Fund	4,356	4,356	4,356	4,356	4,356
	4,356	4,356	4,356	4,356	4,356
Earmarked Reserves:					
Uncommitted Reserves:					
Comprehensive Spending Review Reserve	3,761	2,639	1,382	382	0
	3,761	2,639	1,382	382	0
Timing of Expenditure:					
Capital Funding Reserve	1,611	1,700	1,560	200	100
Collection Fund Reserve	-1,076	700	700	700	700
Council Elections	113	161	0	42	83
Prudential Borrowing	953	753	712	667	657
PFI Sinking Fund	3,196	600	400	200	0
NNDR Collection Fund	1,199	0	0	0	0
Service C/fds	752	509	315	243	186
Unspent Grants c/fd	3,124	1,654	1,414	1,414	1,414
	9,873	6,077	5,101	3,465	3,140
Partner/Ring Fenced Reserves					
Devon Audit Partnership	17	17	17	17	17
EDC Reserves (paid in advance)	1,365	395	0	0	0
School Balances	2,832	1,903	1,403	1,403	1,403
Harbours Reserves	860	416	203	92	3
Public Health - Disease Outbreak	436	0	0	0	0
Public Health - Ring fenced	769	1,019	1,019	1,019	1,019
Education Schools Redundancy/Retirement	323	300	280	260	240
	6,602	4,050	2,922	2,792	2,683
Specific issues					
Art Objects Purchased Fund	29	25	25	25	25
Budget Pressures	472	0	0	0	0
Childrens Services 5 Year Strategy Reserve	0	3,400	1,100	0	0
Crematorium	25	20	19	17	15
Asset Issues & Disposal Costs	224	139	139	139	139
Social Fund (Crisis Support)	351	351	176	0	0
Growth Fund	952	752	352	0	0
Equipment Reserves	361	88	70	70	20
Employment Issues	138	64	39	14	14
Education Early Retirement	169	106	96	86	76
Geopark Conference Reserve	100	100	100	0	0
Highways Reserves	625	625	600	575	550
Insurance Reserves	4,102	3,302	3,252	3,202	3,152
IT Equipment Reserve	550	0	0	0	0
Land Charges	266	41	41	41	41
Office Rationalisation	278	123	123	123	123
Planning Reserve	669	159	0	0	0
Public Health - Domestic Abuse	287	152	47	0	0
Regeneration Reserve	35	0	0	0	0
Supporting People Commissioning	842	0	0	0	0
Tourism (Strategic Events)	107	37	37	37	37
Local Enterprise Partnership	20	0	0	0	0
South Devon Link Road	912	224	0	0	0
Community Development Trust	300	200	100	0	0
Taxi Reserve	36	29	29	0	0
Universal Credit	449	0	0	0	0
Waste Strategy	450	0	0	0	0
	12,748	9,938	6,345	4,330	4,193
Total Earmarked Reserves	32,984	22,704	15,750	10,968	10,016
TOTAL RESERVES	37,340	27,060	20,106	15,324	14,372

<u>Name of Reserve</u>	<u>Description of Reserve</u>
Asset Disposal Costs and Property Issues Reserve	To support the revenue costs associated with the rationalisation of the Council's assets
Budget Issues Reserve	To support future budgetary pressures facing the Council in the medium term.
Capital Funding	To reserve funding for items in the approved Capital Plan Budget.
Carry Forwards	Service Carry Forwards
Childrens Services 5 Year Strategy	Per Council approval to support Childrens Services in the short term by £3.4m.
Comprehensive Spending Review Reserve	To fund costs associated with meeting budget reductions as a result of the Government's comprehensive spending review.
Community Development Trust Reserve	Reserve established by support the creation and three year support for a Community Development Trust.
Early Retirement Reserve	To enable the Council to meet childrens' redundancy related liabilities as they fall due. Built up from annual budgets for new redundancies.
EDC Reserve	Reflects the value of funds awarded to the Torbay Economic Development Company where the work has yet to be completed.
Employment Issues Reserve	To support employment related issues, such as implication of pay modernisation, equal pay and payroll related issues.
Equipment Fund	To facilitate renewal of equipment within services where the replacement is at irregular periods.
Geo Park Conference	To support costs of Geo Park Conference
Grants recognised but not used	Reflects the value of revenue grants (without conditions) received by 31 st March but not yet used to support expenditure
Growth Fund Reserve	Reserve established from the New Homes Bonus grant to create a Growth Fund to support employment opportunities.
Harbours	Torquay, Paignton and Brixham Harbours – To finance Harbour expenditure schemes for the purpose of Harbour Users.
Highways Act Reserves	Reserve holding funds received under Highways Acts and other legislation where the Council holds funds to do works.
Insurance Reserve	To set aside amounts to cover the future cost of past uninsured events which result in a loss to the Council. This reserve covers potential future liabilities arising from the Council's previous insurers Municipal Mutual Insurance Ltd not having sufficient solvency, to meet pre 1998 claims from Devon County Council, amounts for specific uninsured risks and a general reserve to meet as yet unknown insurance claims
IT Equipment Reserve	To provide funds for priority driven replacements of IT equipment.
Land Charges Reserve	Reserve to fund any potential costs arising from changes in the charging regulations in relation to land charges.
NNDR Rates Retention	Reserve to fund the one off costs of the 2014/15 NNDR deficit resulting from the Council's share of the costs of backdated NNDR appeals.
Office Accommodation Reserve	Reserve to help meet the short term revenue costs of the implementation of this major project.
Misc. Specific Reserves	Includes: Council Elections, Taxi Survey, Art Objects, Local Enterprise Partnership, Devon Audit Partnership and Cemeteries.

PFI Sinking Fund	To provide funds to meet the liabilities under the PFI agreement over 25 years (Westlands and Homelands Schools) and to provide funding towards Paignton Community College expansion project.
Planning Reserve	To provide for costs of Local Plan Inquiry held every 4/5 years.
Public Health – Domestic Abuse	To provide for costs of supporting people in the short term.
Public Health	Reflects carry forward of ring fenced funds for Public Health
Regeneration Reserve	A reserve to support economic regeneration and employment initiatives
School Balances	Reflects the carry forward by schools of their delegated school budget share.
School Redundancy Reserve	Reserve to support the costs of redundancies for schools based staff
Social Fund	Reserve to support the costs of social fund and exceptional hardship
South Devon Link Road	To support the development of the South Devon Link Road
Supporting People Reprovision Reserve	To set aside monies to help in the commissioning of services for the re provision of the supporting people function
Tourism (Strategic Events) Reserve	Reserve established in 2012/13 to support tourism and events.
Universal Credit Reserve	Reserve to meet implementation costs associated with the introduction of the Universal Credit
Unsupported Borrowing Equalisation Reserve	Reflects the temporary surplus/deficit arising from the charges to services for the repayment of expenditure under Prudential Borrowing compared to actual interest and Revenue Provision.
Waste Disposal Strategy Reserve	Reflects the reclassification of part of the equipment fund as a specific reserve for Waste Disposal Initiatives.



Meeting: Overview & Scrutiny Board
Council

Date: 18th February 2015
26th February 2015

Wards Affected: All

Report Title: Capital Investment Plan Update - 2014/15 Quarter 3

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 third Capital Monitoring report for 2014/15 under the Council's 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 December 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.
- 2.3 Council are requested to approve prudential borrowing of £0.134 million for works to reinstate and enhance Beach Chalets at Oddicombe Beach to be funded from future rental income and the resort services budget.
- 2.4 Council are requested to approve additional prudential borrowing of £0.6 million for works on the Meadfoot Beach Chalets replacements to be funded from future rental income and the resort services budget.
- 2.5 Council are requested to approve a loan for a capital purpose to TDA for £1.4 million to enable the TDA's acquisition and related works on sites at Kings Ash House.
- 2.6 Council are requested to approve prudential borrowing of £2.0 million and allocate £0.350m from New Growth Points Grant towards the £6.5m Electronics & Photonics Innovation Centre at White Rock to be funded from future rental income
- 2.7 Council are recommended to confirm that Department of Transport Structural Maintenance and Integrated Transport grant allocations announced for future years (2015/16 to 2020/21) are earmarked for Highways.
- 2.8 Council are recommended to allocate £0.254m from New Growth Points Grant for the replacement of decking and joists on Princess Pier.
- 2.9 Council are recommended to allocate £0.100m from New Growth Points Grant for remedial works to the Cliff face at Oddicombe and Goodrington beaches.

- 2.10 Council are recommended to approve a loan of £50,000 to Torbay Coast and Countryside Trust to support the Green Heart appeal.**

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.
- 3.2 There are a number of Council schemes where Council approval is required for the allocation of funds to a scheme or a service including the approval of prudential borrowing.

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 third quarter 2014/15 and includes variations arising in this quarter to the end December 2014.
- 4.2 The overall funding position of the 4-year Capital Investment Plan Budget of £85.2 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 £1.6 million has been received by the end of December, leaving a balance of £2.0 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 which is expected to be approved during 2015. 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 £85.2 million of the 4 year programme, £23.2 million is currently scheduled to be spent in 2014/15, including £3m on the South Devon Link Road.
- 5.4 The appendix has been re presented with schemes now grouped by Directorate areas, with schemes fully or in part funded by prudential borrowing flagged.

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 September 2014 of £30.3m and the current approved budget for 2014/15 of £23.2m, are shown below. Please note the format of this table has been changed so that schemes are now ordered by their service Directorate, as is Annex 1.

Scheme	Variation in 2014/15	Change £m	Reason
Estimate as at Q2 2014/15		30.3	Capital Investment Plan Update – 2014/15 Quarter 2 (Report 4 th Dec 2014)
Budget changes since Q2 2014/15			
Adult Services			
Autism Innovation	New 14/15 grant allocation	0	Small £19k grant to improve facilities for people with autism.
		0	
Childrens Services			
2 year old Provision	Budget moved to 15/16	(0.1)	Schemes under review so budget moved
Capital Repairs and Maintenance 12/13	Budget not required	(0.1)	Saving moved to Education Review budget in 15/16
Childrens Centres	Saving on scheme	(0.1)	Saving moved to Education Review budget in 15/16
Cockington Primary expansion	Rephase budget to 15/16	(0.5)	Review expenditure profile
Education Review Projects	Budget moved to 15/16	(0.1)	Part budget moved to 2015/16
St Margaret Clitherow expansion	Rephase budget to 2015/16	(0.3)	Delays in scheme require budget adjustment
Warberry CoE Primary expansion	Saving on scheme	(0.3)	Saving moved to Education Review budget in 15/16
Whiterock Primary expansion	Rephase budget	(0.3)	Part budget moved to 2015/16
Youth Modular Projects	Rephase budget	(0.1)	Schemes under review so budget moved
		(1.9)	
Place			
Beach Hut Acquisition and Renewal	Additional budget requirement	0.6 (0.2)	Increased costs of scheme Part rephased to 2015/16
Haldon Pier	Move budget to next year	(0.4)	Reschedule works
NGP – Innovation Centre Ph3	Budget moved to reflect expected spend pattern	(0.1)	Work unlikely until 2015/16
Oddicombe Beach Chalets	New scheme	0.2	Replacement Beach Chalets (requires Prudential Borrowing)
Paignton Picture House	New scheme	0.1	Facilitate purchase of Heritage property
Princess Pier	New scheme	0.2	Urgent work to Pier boardwalk
South Devon Link Road	Budget re-phased	(6.0)	Contractor review of expenditure profile, this will not affect the scheme completion date
TDA Loans	New budget	0.6	Includes loans (£2m) to support TDA capital expenditure
TOR2 grant Refuse transfer vehicles	Additional budget	0.1	Increased cost to give improved specification to vehicles to maximise capacity.
Torre Valley North Enhancements	Budget transfer to 15/16	(0.1)	Unlikely to spend this year
Flood Defence/Cliff works	Additional budget for works at Goodrington and Oddicombe	0.1	Remedial works required
		(4.9)	
Public Health			
NGP Land acquisition	Reduced budget	(0.3)	Part budget allocated to Princess Pier and Cliff works
		(0.3)	
All Services including Contingency			
General Contingency		0	
Estimate – Quarter Three 2014/15		23.2	

7 Expenditure

- 7.1 The Capital Investment Plan Budget 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 £85.2 million over the 4 year period of which £23.2 million relates to 2014/15 and £29.5 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 third quarter was £10 million with a further £14 million of commitments on the Council's finance system. The expenditure of £10 million is only 43% of the latest budget for 2014/15. This compares with £11 million (or 64% of outturn) for the third quarter last year. It is recognised that for a number of schemes, notably the South Devon Link Road (14/15 budget £3m), the Council will not incur 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 (9%)
Quarter Two	11 (22%)	13 (30%)	7 (32%)	4 (21%)	4 (23%)	4 (17%)
Quarter Three	13 (27%)	9 (21%)	5 (22%)	5 (26%)	3 (18%)	4 (17%)
Quarter Four	17 (35%)	11 (26%)	7 (32%)	8 (42%)	6 (35%)	-
Total In Year	49	43	22	19	17	23

8 Main Variations & Management Action

- 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 Three 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.

9 Adult Services:

- 9.1 Autism Innovation Grant – As reported in the previous monitoring report, the Council has been allocated a small grant of £0.019m to support people with autism. At present the funding is likely to be used to provide specialist IT equipment to benefit those with autism.

10 Childrens Services:

- 10.1 There are a number of variations to budgets on various schemes as detailed below. Members will note that a further report on Childrens Services proposals is due to be presented to Council on 26th February to seek approval on use of both previously allocated funding and future funding with respect to pupil places.
- 10.2 Childrens Centres – £0.110 m of the budget earmarked for this project is no longer required so has been moved to Education Review Projects
- 10.3 School Basic Need projects: Further adjustments to the phasing of budgets between years at various sites but these changes have no impact on the overall budget position. This includes projects at Cockington Primary, Whiterock and St Margaret Clitherow where budget has been moved from 2014/15 to 2015/16. The scheme at Warberry C of E Primary has come in under budget and consequently the £0.350m saving has been transferred to Education Review Projects awaiting reallocation.

- 10.4 Similarly, some other budgets have been transferred from the current year to next year to reflect the latest estimates of expenditure patterns. These schemes are 2 Year Old Provision (£0.08m), Youth Modular Projects (£0.05m) and Education Review Projects (£0.08m).
- 10.5 Schools Capital Repairs and Maintenance 2012/13: Not all of this budget is required at present so £0.1 m has been transferred to the Education Review Projects budget in 2015/16 for future allocation to specific schemes.

11 Place

- 11.1 Beach Hut Acquisition and Redevelopment – Council previously approved the programme to upgrade Beach Hut facilities at Broadsands and Meadfoot. There are indications that the costs associated with the Meadfoot scheme are escalating due to the weather last winter and could result in additional expenditure. Officers are monitoring the situation carefully and are considering options on how this can be managed. The additional costs are estimated to be a maximum of £0.6million which will be funded from additional Prudential Borrowing. The costs of this additional borrowing will have to be funded from the service.

The key information from the revised business case is summarised below

Capital Cost – demolition, construction and interior fit out of 137 lower and roof chalets	£2,156,000
Prudential Borrowing	£2,156,000
Repayment Terms	4.5% over 35 years
Additional costs per annum including repayment	£159,000
Additional Income per annum	(£162,000)
Forecast Surplus	(£3,000)

The business case has been revised with the repayment term extended to 35 years linked to the expected life of the huts based on their construction and a reduced anticipated surplus per annum.

- 11.2 Flood Defence Schemes – This budget covers works at a number of cliff and sea wall locations, There is currently an expectation that some schemes may overspend but officers are continuing to monitor closely and savings on other projects may help offset some of the additional costs.
- 11.3 Oddicombe Beach Chalets - following fire damage at this location work is proposed to replace and enhance the chalets, to be similar to those currently under construction at Meadfoot Beach. The expenditure of £0.193m will partially be funded from an insurance reclaim but will also require Prudential Borrowing of £0.134 million. The loan repayments will be funded from hire fees.

The key information from the business case is summarised below

Capital Cost – demolition, construction and interior fit out of 18 roof chalets	£193,000
Less Insurance	(£59,000)
Prudential Borrowing	£134,000
Repayment Terms	4.5% over 25 years
Additional costs per annum including repayment	£11,000
Additional Income per annum – 18 huts @ £1,100 per annum	(£7,000)
Shortfall to be met from resort services	£4,000

The business case shows a shortfall compared to the current budget position, however since the fire damage the Council would not have achieved any of the budgeted £11,000 income from the beach huts.

- 11.4 Electronics & Photonics Innovation Centre – proposals for this project (formerly known as Innovation Centre Phase three and approved in principle by Council in May 2012), continue to be investigated by TDA with additional funding bids being made. Grants of £1.025m have been

confirmed from the Government's Coastal Communities Fund towards the capital cost of the scheme and of £3.0m from the Local Enterprise Partnership however a grant from ERDF for £1.5m is still to be confirmed. In addition TDA will be allocating £0.150m of funds towards the project. The Council is now requested to confirm its support of the project with £2m prudential borrowing in addition to the remaining New Growth Points grant shown in the existing Plan of £0.346m. The scheme has been introduced as a £6.5m project, however if the ERDF grant is confirmed the project can be expanded to a £8.0m scheme.

- 11.5 Paignton Picture House – In accordance with a Mayoral Decision dated 16 December 2014, it was agreed to support the acquisition of this historic property (£0.050m) using English Heritage grant (£0.040m) and Council Reserves (£0.010m). The building will then be transferred to Paignton Picture House Trust at nil value.
- 11.6 South Devon Link Road: the contractor continues to provide regular updates on progress and based on latest projections most of Torbay's contribution will not be required until next year, so £6 million of the 2014/15 budget has been rephased to 2015/16 accordingly. The project is still expected to be completed in December 2015. There is a potential shortfall in Section 106 funding for the scheme (see para. 14.9 below). If these funds are not achieved it is likely the Council will need to increase its Prudential Borrowing on the scheme with a impact on the revenue budget, unless resources are diverted from other projects.
- 11.7 St Michael's Chapel, Torquay – following notification of grant awarded by English Heritage the Council is to carry out restoration work to St Michael's Chapel, near Torre Station. This work will compliment woodland management activity in the area to regain historic views of the Chapel from Torre Railway Station and beyond. A contribution from revenue will be added to the £0.05m grant to finance the scheme.
- 11.8 TDA Loans – Support to TDA to enable them to acquire sites at Kings Ash House, Paignton (for a new Enterprise Centre) and Cockington Village Car Park (for improved visitor facilities).

In February 2012 the Chief Executive approved a maximum £0.6m loan as an emergency Council decision in respect of Cockington Car Park, however the loan was not needed at that time as the site was acquired for £0.575m in 2012 using TDA cash flow. The drawdown of the loan is now required as TDA anticipates expenditure on other project proposals therefore this loan is now reported within the Plan.

The Kings Ash project requires funds of up to £1.9m for acquisition and refurbishment. The funding is to be a loan from the Council of £1.4m, which will be drawdown in tranches, and a contribution of £0.5m from the Council's EDC reserve which will now be accounted for as a capital grant. As the loan for Kings Ash House is "a loan for a capital purpose", under legislation this counts as capital expenditure for the Council and has to be funded from capital resources, in this case prudential borrowing, which requires Council approval.

Both loans will be repaid on an annuity basis with interest over a period of 25 years to be funded from TDA income receipts from both sites.

As these are loans from the Council (as owner) to its 100% owned subsidiary (TDA), and the loans are to support regeneration aims rather than investment returns these are outside the Treasury Management Strategy and are therefore are considered not to be ultra vires.

- 11.9 TOR2 grant – Refuse transfer vehicles – the cost of acquiring the required vehicles to transport to the Energy from Waste plant has increased by £0.054 m to enable improved specification of the plant to maximise payload and achieve delivery schedules. The additional costs to be funded from the Waste Strategy Reserve.
- 11.10 Torre Abbey Phase 2 – whilst all major works on this project have been completed there is ongoing expenditure which will continue into next financial year. Consequently a small part (£0.028m) of the budget has been moved to reflect this.
- 11.11 Torre Valley North Enhancements – Works are not now expected to progress until 2015/16 so budget has been moved accordingly.
- 11.12 Transport Integrated Transport and Structural Maintenance – The Department for Transport have now announced future year grant allocations, details of which are shown in paragraph 14.3 below. The allocations are linked to the value of the planned maintenance backlog of over £10m

on the road network, therefore to enable service asset planning and to honour match funding commitments to the Local Transport Board, it is proposed to add these resources to the Highways/Transport budgets in line with Government intentions, although the grants are not ring fenced.

- 11.13 TCCT Loan – Council are recommended to approve an interest free loan of £50,000, to be repaid over four years, to the Torbay and Coast and Countryside Trust to support the match funding requirement to the recent Lottery Grant awarded to improve the Cockington area, which will underwrite the bulk of the outstanding £62,000 shortfall in the Green Heart Appeal. The Trust remains committed to continuing to fund-raise and aims to have covered the full amount of the shortfall by October 2015. The financing provided by the loan will allow the Trust to provide the necessary assurances to Heritage Lottery Fund that the bulk of the funding for the project is in place now. In turn, this will enable HLF to issue formal 'Permission to Start', Stage II of the project can commence in February 2015 thus maintaining momentum and reducing the risk of costs increasing beyond the inflation allowances within the project.'

- 11.14 Princess Pier and Strand Improvements - At the Council meeting on 4 December 2014 members deferred a decision on the expenditure of £350,000 for improvements to the Strand, Torquay and £240,000 for the replacement decking and associated works on the Princess Pier, and requested further reports.

The structural report on Princess Pier has now been provided indicating a need to undertake necessary work – see appendix 2. Consequently this element of the proposals is now recommended for approval by Council. The report on the Strand improvements will be presented in due course.

- 11.15 Other Regeneration Schemes: - Members are advised the TDA are currently progressing a number of potential regeneration schemes. These are listed below:

Oxen Cove; There are two potential inward investment proposals which could create 40-50 jobs.

Fish Processing Plant; Torbay is home to 10% of the fish processing sector by employment. This project could result in 100-150 new jobs and EU fisheries grants could be available for a scheme.

Claylands; Potential development of business units at the site to be funded from future rental streams.

- 11.16 Cliff Works: Council are recommended to allocate £0.100m from New Growth Points Grant for remedial works to the Cliff face at Oddicombe and Goodrington beaches.

There has been a report on the unstable section of cliff at Oddicombe where the professional advice is that remedial works should commence as soon as possible. The cost of the works at present are estimated to be £60,000.

At Goodrington promenade, cliff stabilisation work is required to the east end. A rock fall at Roundham Head required a section of the promenade to be closed off, this resulted in a number of beach huts not being let and others to be repositioned. The works, estimated to be £40,000 would include concrete dentition and rock netting.

12 Public Health

- 12.1 Empty Homes Scheme – this scheme was originally approved to be funded from Prudential Borrowing with annual contributions from revenue linked to additional New Homes Bonus Grant. However as it is four years since the annual contributions commenced it is now effectively funded from revenue contributions.

13 All Services

- 13.1 General Contingency - 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.

14 Receipts & Funding

- 14.1 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 @ Q3 14/15
	A	B	C	D	E
Funding	£m	£m	£m	£m	£m
Supported Borrowing	0	1	0	0	1
Unsupported Borrowing	6	15	3	3	27
Grants	14	11	17	7	49
Contributions	1	0	0	0	1
Reserves	1	1	0	1	3
Revenue	0	1	1	0	2
Capital Receipts	1	1	0	0	2
Total	23	30	21	11	85

Notes to Table:

Column E – reflects the Capital Investment Plan as at Quarter Three 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

- 14.2 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 £14m of grants in 2014/15.
- 14.3 Since the last Capital update (Quarter 2 2014/15) reported to Council in December 2014, the Council has been notified of the following capital grant allocations:

Department for Transport – Structural Maintenance. Allocations have been announced for the next six years although figures for 2018/19 onwards are only indicative: As reported in Quarter 1 the DfT have previously announced allocations for Integrated Transport schemes which are also set out below for information:

	<u>Structural Maintenance</u>	<u>Integrated Transport</u>
2015/16	£1.458 million	1.063 million
2016/17	£1.337 million	1.063 million
2017/18	£1.297 million	1.063 million
2018/19 – 2020/21	£1.174 million each year *	1.063 million each year *

. * Indicative allocations only

These grants are not ringfenced so could be used for any capital purpose although it is recommended that the allocations are used on Highways/Transport services. (para 11.12)

Department of Health – Social Care allocation for 2015/16 of £0.461 million. It was expected that, as part of the Government’s Better Care Fund this grant would not be allocated direct to Local Authorities from 2015/16 but the grant has been allocated directly to Councils. The Department has stated that “Relevant conditions will be attached to the grant so that they are

used in pooled budgets for the purposes of the fund". As yet these conditions have not been issued by the Department of Health.

Members are reminded that the usual annual allocation for Disabled Facilities Grants (DFGs) is also, from 2015/16, now expected to form part of the Better Care Fund however no announcement on allocations has yet been made for 2015/16.

DCLG – Coastal Communities Fund – £1.025 million ring fenced grant support for a high technology innovation centre in Paignton. (para 11.4)

English Heritage – grant of £46k to enable restoration work at St Michaels Chapel, Torre. (para 11.7).

Capital Receipts –

- 14.4 The approved Plan relies upon the generation of a total of £3.6 million capital receipts from asset sales by the end of 2016/17 of which £1.6m has now been received by the end of December, leaving a target of £2.0m 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.

- 14.5 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

- 14.6 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 (£0.102m, received to date).
- 14.7 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.
- 14.8 Income from Section106 capital contributions so far in 2014/15 only amount to £0.2 million.
- 14.9 A recent announcement from Government has removed the ability of Councils to charge Section 106 payments on smaller developments of less than 10 units, and no more than 1,000m². This policy is aimed at boosting the small housebuilding sector, but will impact on the Council's ability to generate capital resources for capital schemes, including the South Devon Link Road, where £2.1 million of S106 funding is required.
- 14.10 It is expected that, linked to the adoption of the Local Plan later in 2015, a Community Infrastructure Levy scheme will also be approved.

15 Borrowing and Prudential Indicators

- 15.1 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 December 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.

- 15.2 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. The scheme is judged to be an asset to be recognised on the Council's balance sheet then a corresponding liability to the Council's 17% share of approx £33m will also need to be recognised from the date the plant starts to receive waste. The recognition of this liability will not exceed the Council's Authorised Limit.
- 15.3 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.

16 Possibilities and Options

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

17 Consultation

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

18 Risks

- 18.1 That capital receipts, other capital contributions such as S106 and Community Infrastructure Levy and future year grant allocations will be not be received to support the plan. This risk is increased with the recent Government announcement reducing the Council's ability to make Section 106 charges on smaller developments (see para.14.9).
- 18.2 The contingency is approximately 0.7% of total planned expenditure on a total programme of £85 million. There could be inflationary cost pressures on the programme thus increasing expenditure.
- 18.3 If additional prudential borrowing is approved this could result in a budget pressure for the relevant service in the expected rental income is not achieved to cover the repayment costs.

Appendices


Appendix 1 - Capital Investment Plan Budget 2014/15 – 2017/18 (as at January 2015).

Appendix 2 – Princess Pier Briefing Report

Appendix 3 – Princess Pier Structural Report

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

Annex 1

					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
 = Approved Prudential Borrowing schemes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ADULT SERVICES									
Mental Health Care Initiatives		7			7				7
Autism Innovation - IT Enhancements			19		19				19
	0	7	19	0	26	0	0	0	26
CHILDRENS SERVICES									
2 Year Olds Provision		193	(80)		113	80	0	0	193
Asbestos Removal		7			7				7
Barton Primary Cap Project	394	573			573	0			573
Capital Repairs & Maintenance 2011/12		6			6				6
Capital Repairs & Maintenance 2012/13	90	255	(100)		155	100			255
Capital Repairs & Maintenance 2013/14	155	155			155				155
Capital Repairs & Maintenance 2014/15	5	10			10	620			630
Childrens Centres	11	123	(110)		13				13
Cockington Primary expansion	1,893	2,757	(550)		2,207	620			2,827
Coombe Pafford Council contribution	100	100			100				100
Devolved Formula Capital	94	274			274	0	0	0	274
Education Review Projects	1	95	(84)		11	1,040			1,051
Ellacombe Primary expansion	19	50			50	100	350		500
EOTAS Halswell House		1			1				1
Key Stage 1 Free School Meals	91	122			122				122
Mayfield expansion	16	18			18				18
Preston Primary - ASD Unit	5	1	4		5				5
Roselands Primary expansion	451	516			516	10	500	500	1,526
Short Breaks for Disabled Children		0			0				0
St Margaret Clitherow Primary expansion	6	485	(300)		185	300			485
St Margarets Academy expansion	2	5			5	495	1,000	500	2,000
Torbay School Hillside	54	120			120				120
Torre CoE Primary expansion	521	562			562	0			562
Warberry CoE Primary expansion	119	646	(350)		296				296
Whiterock Primary expansion	2,839	603	(250)		353	1,750	1,300		3,403
Youth Modular Projects		51	(51)		0	51			51
	6,866	7,728	(1,871)	0	5,857	5,166	3,150	1,000	15,173

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

Annex 1

					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 @ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
PLACE									
Babbacombe Beach Road		0			0	70			70
Barton Infrastructure	36	43			43				43
Beach Hut Acquisition/Renewal (Broadsands, Meadfoot)	676	1,390	400		1,790	200			1,990
Brixham Harbour - Victoria Breakwater	(6)	4			4	0	0	0	4
Council Fleet Vehicles	34	132			132	103			235
DfT Better Bus Areas	131	400			400	0	0	0	400
DfT Local Sustainable Transport Fund (Ferry/Cycle)	174	164			164		0	0	164
Env Agency - Winter 2013/14 Storms damage	402	408			408				408
Flood Defence schemes (with Env Agency)	173	157		100	257	155			412
Haldon Pier - Structural repair Phase I/2	206	861	(361)		500	361			861
Livermead Sea Wall structural repair	37	69			69				69
Local Transport Board schemes - now identified separately	0	0			0	0	0	0	0
Meadfoot Sea Wall stuctural repair	27	43			43				43
NGP - Strategic Cycleway	(45)	0			0				0
NGP - Torbay Innovation Centre Ph 3 (EPIC)		100	(100)		0	0	6,521		6,521
NGP - Windy Corner Junction		1			1				1
Oddicombe Beach Chalets				193	193				193
Old Toll House, Torquay	7	150	(140)		10	140			150
On Street Parking meters	52	53			53				53
Paignton Picture House				50	50				50
Paignton Velopark	332	323			323				323
Princess Pier - Structural repair (with Env Agency)		200			200	1,650			1,850
Princess Pier Decking				254	254				254
Princess Promenade (Western Section) Repairs	(46)	0			0				0
Princess Promenade Phase 3	6	0			0				0
Public Toilets - Utilities saving measures	27	38			38	0	0	0	38
Riviera Renaissance (Coastal Communities Fund)	170	170			170		0	0	170
Sea Change - Cockington Court	14	9			9				9
Small Ports Recovery Fund - Winter 13/14	90	295			295				295
South Devon Link Road - Council contribution	9,001	9,000	(6,000)		3,000	11,507	1,500	2,907	18,914
St Michael's Chapel, Torre				66	66				66
Street Lighting - Energy reduction	430	515			515				515
SWIM Torquay - improve facilities	58	9			9				9
TCCT - Grant re Green Heart Project	100	100	50		150				150
TEDC Capital Loans			(1,900)	2,475	575	1,900			2,475
TOR2 grant - Refuse transfer vehicles		378	54		432				432
Torbay Leisure Centre - structural repairs	26	26			26	0	0	0	26
Torquay Harbourside Public Realm		0			0				0
Torquay Inner Harbour Pontoons	786	765			765				765
Torre Abbey Pathway	1	3			3				3
Torre Abbey Renovation - Phase 2	99	128	(28)		100	28			128
Torre Valley North Enhancements		62	(62)		0	124			124
Transport - Edginswell Station	66	159			159		2,500	1,500	4,159
Transport - Gateway Enhancement	9	14			14				14
Transport Integrated Transport Schemes	182	1,487			1,487	1,063	931	535	4,016
Transport Structural Maintenance	829	1,358			1,358	1,458	1,337	1,297	5,450
Transport - Torquay Gateway Road Improvements	21	50			50	300	1,200	2,325	3,875
Transport - Torquay Town Centre Access	9	75			75	500	100		675
Transport - Western Corridor	43	240			240	2,400	3,100	1,600	7,340
	14,157	19,379	(8,087)	3,138	14,430	21,959	17,189	10,164	63,742

CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- EXPENDITURE

Annex 1

					Revised 4-year Plan Jan 2015				
	Actuals & Commitments 2014/15 Qtr 3	Previous 2014/15 (@ Q2 14/15)	2014/15 Q3 Adjustments	New Schemes 2014/15	Total 2014/15 Revised	2015/16	2016/17	2017/18	Total for Plan Period
PUBLIC HEALTH									
Community Safety									
Disabled Facilities Grants	299	427			427	519	0	0	946
Private Sector Renewal		58			58	0	0	0	58
Housing									
Affordable Housing		0			0	760	761		1,521
Empty Homes Scheme		50			50	225	225		500
Hele's Angels scheme	5	0			0				0
NGP - HCA Match Land Acquisitions		590		(354)	236				236
Sanctuary HA - Hayes Road		250			250				250
Sanctuary HA - Langridge Road , Pgn (4 units adapt)		2			2				2
Sovereign HA - Beechfield (102 units + adapt 3 units)		8			8				8
Torbay Enterprise Project	160	160			160	90			250
	464	1,545	0	(354)	1,191	1,594	986	0	3,771
ALL SERVICE PROJECTS (incl General Contingency)									
Enhancement of Development sites	24	30			30	146			176
Office Rationalisation Project Ph 3 - Project Remainder	328	607			607				607
Oldway Estate works		400			400				400
Payroll Project	326	370			370				370
Riviera Centre renewal	217	246			246	11			257
Various ICT Improvements	16	15			15				15
General Capital Contingency		0			0	631	0	0	631
	911	1,668	0	0	1,668	788	0	0	2,456
TOTALS	22,398	30,327	(9,939)	2,784	23,172	29,507	21,325	11,164	85,168
CAPITAL INVESTMENT PLAN - QUARTER 3 2014/15- FUNDING									
Supported Borrowing		437	(281)		156	348			504
Unsupported Borrowing		13,856	(9,666)	2,109	6,299	15,218	3,220	2,907	27,644
Grants		13,505	371	86	13,962	10,798	16,697	7,872	49,329
Contributions		529	(55)		474	330	103		907
Reserves		860	282	69	1,211	771	100	385	2,467
Revenue		389	(450)	520	459	800	655		1,914
Capital Receipts		751	(140)		611	1,242	550		2,403
Total		30,327	(9,939)	2,784	23,172	29,507	21,325	11,164	85,168



Medium Term Resource Plan

This plan from November 2012 is a rolling plan that will be updated on an ongoing basis when changes are known e.g. legislation, funding notification and estimates of income and expenditure.

“The Plan” will be available on the Council website.

For further information please email financial.services@torbay.gov.uk

Plan last updated on 27th January 2015

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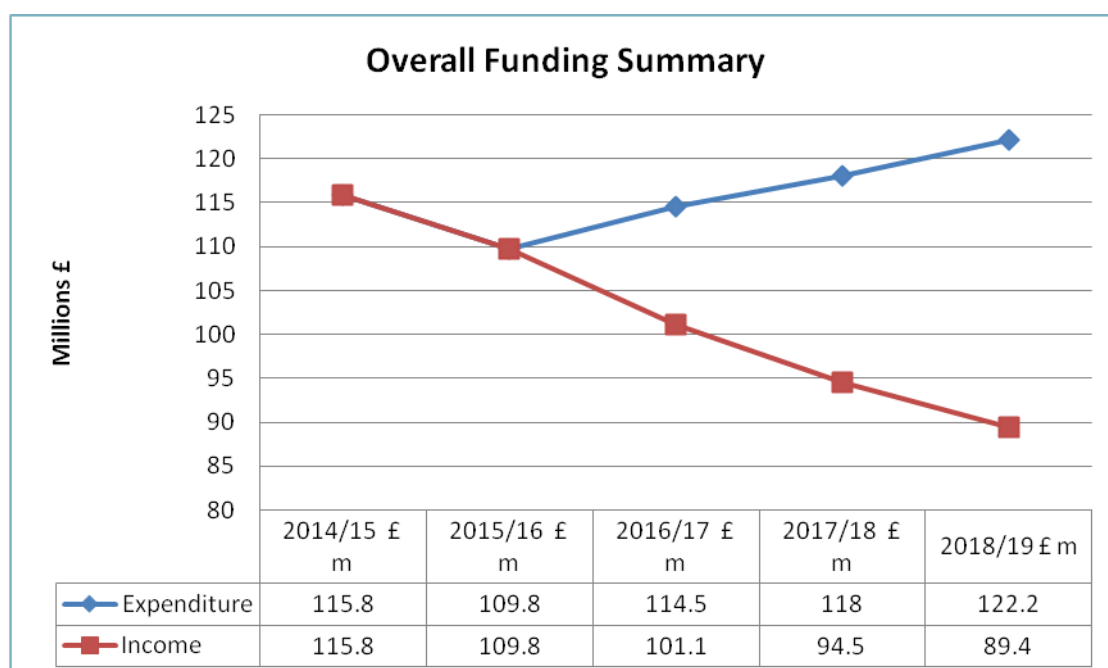
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1 KEY SUMMARIES

Overall Funding Summary

Having taken into account the income and expenditure estimates based on the assumptions detailed in this Plan, the table below summarises the estimated income and expenditure pressures faced by the Council and the estimated funding gap for the period of the Plan.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Estimated Income (RSG, Business Rate Retention, Council Tax & Collection Fund)	115,756	109,781	101,112	94,518	89,419
Expenditure b/f		115,756	109,781	114,514	117,961
Cost Pressures	-	2,035	2,392	1,720	1,732
Demand Pressures	-	2,778	2,500	2,500	2,500
Discretionary Decisions	-	737	895	45	90
Other (e.g. service funding changes, TM)	-	1,450	(1,054)	(818)	(68)
Less proposed savings	-	(12,975)	0	0	0
Expenditure c/f	115,756	109,781	114,514	117,961	122,215
Estimated In- year Funding Gap	0	0	13,402	10,041	9,353
Total Estimated Cumulative Funding Gap	0	0	13,402	23,443	32,796



Tables last updated 27th January 2015

Summary Income Position

The table below summaries all the income information identified in section 5 of this Plan.

	2014/15 Budget £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Revenue Support , ESG and LSSG Grants	36,339	26,212	16,755	8,226	1,124
Business Rate Retention & Top Up	27,773	29,132	29,760	30,462	31,204
Council Tax	52,608	53,437	53,597	54,830	56,091
Collection Fund Surplus/(Deficit)	(964)	1,000	1,000	1,000	1,000
Total	115,756	109,781	101,112	94,518	89,419

Table last updated 27th January 2015

Note: These figures are estimates at a point in time and will be inevitably subject to change and be updated as appropriate.

2 TIMETABLE

The key dates in relation to the Council's budget setting process are:

Revenue Budget Setting Process		Timeline
2015/16 Budget Development	Mayor & Executive Director	Summer 2013 – December 2014
2015/16 Budget Reductions Consultation	Executive Director	Summer 2014
2015/16 Finance Background Reports available	Overview & Scrutiny Board	Autumn 2014
2015/16 Mayor's Budget Proposals	Council	December 2014
2015/16 Budget Approved	Council	February 2015
2015/16 Council Tax Set	Council	February 2015
2015/16 Budget Digest published with MTRP update	Chief Finance Officer	March 2015
2014/15 Outturn Reports	Council	July 2015
2016/17 Budget Development	Mayor & Executive Director	Spring 2015 – December 2015

The Medium Term Resource Plan is a standing document and will be updated when new information or estimates are available.

3 KEY INDICATORS & ASSUMPTIONS

A selection of key indicators and assumptions are presented in the table below.

	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
Assumptions:				
Council Tax Rise	-	0%	0%	0%
Reduction in Income	-	-	£6m	£9m
Council Tax in Year Collection Rate	96.1%	96.5%	96.0%	96.0%
Savings Required	-	£12.1m	£13.0m	£13.4m
New Homes Growth	-	0.4%	0.4%	0.4%
Key Indicators:-				
Performance against Budget (% variance under)	(0.3)%	0%	0%	0%
Long Term Borrowing against Long Term Assets	51%	50%	50%	50%
General Fund Reserve against budget	3.5%	3.8%	4%	4%
Schools reserves against DSG	7%	5%	5%	5%
Earmarked Reserves against net budget	27%	20%	20%	20%
Liquidity – current assets against current liabilities	3.1:1	2.5:1	1.5:1	1.5:1

Table last updated 28th January 2015

To arrive at the estimates contained within this plan the Chief Finance Officer, where appropriate, has considered alternative scenarios and the sensitivity of the estimates used.

4 OVERVIEW

The Medium Term Resource Plan (MTRP) is a key financial planning document and supports the Council in ensuring it can plan effectively for the use of resources in the medium term. This Plan sets out the resource projections for the next four years, the financial challenges and will help the Council deliver the priorities as set out in the Corporate Plan.

The budget challenges for future years where the Council's Revenue Support Grant is expected to be cut at a similar level to recent years cannot be understated. These are significant budget reductions and with approx. 60% of Council net budget allocated to social care the challenge to get a robust budget that provides the statutory services the Council must provide is immense. It should be noted that no indicative funding figures have been provided for 2016/17 and allocations could be confirmed as late as December 2015 for 2016/17 which makes planning more challenging.

Local government has always been subject to a number of significant challenges as a result of changes to national policies and increasing demands. However with the government's commitment to reduce the public sector deficit and the continuing period of austerity the country is facing, local government has never faced a more uncertain future primarily driven

by the ongoing reduction to the funding provided to support local services. 2014/15 was the fourth year of the current Comprehensive Spending Review where central government funding to local government was expected to have fallen by 28% over these years. Over the past four years the Council has made budget reductions of over £40 million with over £13m planned for in 2016/17.

Over the past four years the Council has used the Council Tax Freeze Grant to keep tax increases to nil. (Any Council tax rises of 2% or over would be subject to a local referendum).

Central Government published the provisional 2015-16 Local Government Finance Settlement in December 2014. This stated that Torbay Council's 2015/16 assumed "baseline" funding would be £55.0m in Revenue Support Grant (RSG) and Business Rate Retention compared to £64.3m in 2014/15, a year on year reduction of £9.3m. (£9.9m before transfer of 2014/15 Council Tax Freeze grant to RSG).

No figures have yet been announced for 2016/17 however it is expected that the rate of annual reductions in local government funding will continue until 2020.

The Government's figures are based on their assumed NNDR baseline for Torbay. The actual NNDR income for Torbay will depend on actual changes in NNDR income – up or down – from that baseline. Current indications are that the Council's NNDR income is now stabilising after a period of reduced income.

The Government has announced the continuation of a number of changes to the NNDR system to encourage growth. These changes will reduce NNDR income however central government had confirmed it will make good any losses in Council income as a "new burden".

The above are cash reductions in funding therefore any spending pressures the Council has, for example, from increased demand for social care, inflationary pressures or a reduction in other grants or income will be an additional pressure to be funded from budget reductions. If these pressures are recognised the Council is facing a shortfall in 2016/17 of over £13 million.

There is a continuing financial impact of service pressures within Children's Services due to increasing numbers and complexity of cases. In addition to the £2m extra funds provided in 2013/14 for safeguarding and a second tranche of £2m and a £1.5m use of reserves in 2014/15, this service is expected to have service pressures of a further £2.7m in 2014/15 (Q3 14/15). An overspend of this level is unsustainable and the Council will have to make budget reductions to other services, above and beyond those required by reductions on central government funding to continue to provide this level of service. To mitigate the service pressure a budget recovery plan for Children's services was approved in October 2014 which approved the use of £3.5m of earmarked reserves to support children's services in 2015/16 and 2016/17 before the service starts to underspend in 2017/18 when, it is projected, the plan predicts that service will be in a position to start to repay the reserves used. This use of earmarked reserves to support short term service pressures with expectations of future year repayment to restate the earmarked reserve is a risk.

In addition the central government is proposing for 2015/16 to change the allocation of existing funding in a number of areas by removing (or pooling) existing revenue and capital grants from the Council and distributing them to a regional body or pooled working, such as:

- transferring the Integrated Transport capital grant to support the Local Enterprise Partnership and
- transferring the Disabled Facilities grants, social care capital grants and s256 social care funding from the NHS to be combined in the proposed Health and Social Care Better Care Fund.

In all these cases these are funding sources that the Council currently uses so any reductions in these will have to be funded from additional reductions to expenditure unless the new body agrees to fund existing pressures.

The Council will continue to plan for other changes in funding resulting from the impact of central government's changes to services. These include:-

- the loss of funding from the continuing conversion of Council schools to Academies
- the ongoing impact of welfare changes in particular the replacement of a number of benefits, such as housing benefit that the Council manages, with the (proposed) Universal Credit.

The Plan will provide the context for future financial planning and the Council will need to consider how to address the implications of reduced funding over 2016/17 and future years and develop a deficit reduction plan after that period in conjunction with development of the Council's Corporate Plan and priorities.

The Plan highlights the financial challenges faced by the Council and the fact this Plan estimates the Council will have to close an estimated budget gap of **£33m**, (in addition to the £13m savings for 2015/16), over three years between 2016/17 and 2018/19 based upon existing service demands and "normal" budget pressures including inflation and demographics for the Bay. The expectation is ongoing budget reductions are likely to continue for the rest of this decade at a similar rate as 2015/16. These reductions have to be set in context of the Council having to absorb the impact of rising costs, in particular to meet the care needs of an increasingly elderly and frail population as well as additional pressures within Children's Social Care which are outlined later within this Plan.

As articulated through the Corporate Plan, despite these difficult times, the Council's strategy will be to continue to deliver value for money services and quality services and an affordable council tax level for local residents. During the summer of 2014 the Council embarked upon a consultation exercise with residents and stakeholders on the scale and type of reductions to services to address the budget gap in 2015/16. In December 2014 the Mayor presented his proposed revenue budget for 2015/16, together with spending targets for Council services in order to achieve the required budget reduction.

It is clear that the Council continues to face its most challenging period since it became a unitary authority in 1998 and it will continue to develop a strategy which addresses the funding shortfall in future years and take measures that will try to minimise the impact of the spending cuts to a deprived area such as Torbay. Due to the expected scale of reductions faced by the Council it will not be possible to achieve these savings by further efficiencies and it is inevitable that some services will face reductions or will be subject to significant changes.

The Council must continue to explore new ways of delivering Council services, including the support of the local community, with an emphasis of maintaining service levels whilst maximising value for money and reducing its cost base through generating further efficiencies. However, in a number of services it is increasingly difficult to generate further efficiencies without reducing service levels, and the Council must continue to plan for a reduction in services provided to customers over the medium term.

5 INCOME

Central Government Grant

The CSR announcement in October 2010 suggested that, over the 4 year period, the level of grant from the Government would fall by some 28% in real terms. The 2015/16 baseline is a headline reduction of 13% for 2015/16 in the overall local government spending limit which includes the NNDR retention scheme. For Torbay in 2015/16 this equated to a £10m or 28% reduction in Revenue Support Grant.

Total spending in 2016/17 and future years is expected to fall in real terms at the same rate as during the Spending Review 2010. The Council forecasts of future year grant have assumed the same rate of reductions as 2015/16.

It is worth noting that the Councils assessment of need for grant was “frozen” at a baseline for 2013 and is expected to be until 2020. This means that there will be no additional funding if the Councils “need” for funding increases; e.g the demand for social care. The Council’s funding will be based on simple percentage reductions linked to the baseline. Unfortunately the baseline also froze the £4m that the Council “lost” annually in the damping of grant within the old funding assessment.

With this frozen baseline and the business rate retention scheme there is a clear shift that Council funding is now significantly based on its economic growth (NNDR and homes) and not needs based. So in simple terms no growth, no increase in funding.

The table below provides an estimated position on future funding levels over the next four years. It must be emphasised that due to the uncertainty with respect to government grant reductions in 2016/17 onwards, and the impact of the Business Rate Retention Scheme where income can fluctuate, this is an estimated position at a point in time.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Business Rates – 49% share	17,173	17,833	18,190	18,553	18,925
Distribution from the Devon Business Rate Retention Pool	0	497	552	670	816
Top Up payment	10,600	10,802	11,018	11,239	11,463
Revenue Support Grant	35,327	25,439	16,532	8,203	1,101
LSSG Grant	112	23	23	23	23
ES Grant (estimate - funding to be announced)	900	750	200	0	0
Total “General” Income	64,112	55,344	46,515	38,688	32,328
% reduction		14%	16%	17%	16%

Table last updated 27th January 2015

For the purposes of this Plan it has been assumed Torbay will have a £25m reduction in its core grants from central government over the next three years. This estimate is based on a combination of factors including:

- The fall in the overall resources available to local government;
- impact of the transfer of specific grants to revenue support grant;
- impact of the transfer of resources from local authorities to fund academy schools;
- impact of technical changes such as RPI assumptions and “hold backs” to grant allocations.

In 2013/14 Public Health transferred to local authorities, this is a commissioned service with a series of contracts with a number of providers. The service is funded by a grant in excess of £7m. This grant is ring-fenced until at least 2015/16 and it is assumed that this will continue in future years, so for the purposes of the Plan have not been included within the overall figures.

The Council will continue to explore all other opportunities for further grant funding building upon opportunities such as Social Investment Bonds, Local Enterprise Partnership and other opportunities as they arise. Whilst these areas may provide access to further sources of income they are unlikely to mitigate the decrease in grant in future years and the impact this will have upon all services, particularly discretionary services.

Government Grants (Direct and Indirect)

The Council does receive specific grants such as Dedicated Schools Grant (DSG), where the majority goes directly to schools, Public Health Grant and the Housing Benefit Administration Grant (which is treated as part of the revenue account), and a number of other smaller grants. The DSG will reduce as more schools convert to academies, the housing benefit grant will reduce with the introduction of universal credit and the Public Health Grant is currently ring fenced.

With the introduction of the Council tax Support Scheme in 2013/14, the Council received a grant of £12m equal to 90% of the costs of the old Council Tax Benefit Scheme. This grant has now been transferred to the revenue support grant and is subject to annual reductions. However in a technical consultation document DCLG state that the value of this grant has been protected at a national level but is part of the Revenue Support grant that is subject to a percentage grant reductions, which in one year alone, 2015/16 is 30%.

The government assessed in 2012/13 the Council's spend on supporting schools as £2.6m. As schools convert to academies, Council funding will continue to reduce and the balance on this funding will form part of the Education Services Grant (ESG). The estimated value of this grant in 2015/16 is £0.750 million.

Council Tax Freeze grants have, with the exception of the grant for 2012/13, been "rolled" into Revenue Support Grant (RSG). For the purpose of the plan it is assumed that the Council Tax Freeze grant will be accepted in 2015/16 and in 2016/17, however from 2017/18 increases of 2% per annum have been assumed.

For the purposes of this plan it has been assumed that the section 256 funding from the NHS will form part of the pooled health and social care "Better Care Fund".

Income Assumption – Council Tax

Council Tax income is dependent upon a number of elements in the Council tax base calculations, namely the number and mix of dwellings; changes in discounts and exemptions, impact of Council Tax Support Scheme (CTSS), the level of Council Tax and the assumed level of in-year collection.

For 2015/16 there was an increase in the tax base from changes in number of dwellings, number of CTSS claims and single person discounts and the in-year collection rate was assumed to be 96.0%.

In terms of growth in the tax base, a minimal increase in the base is expected of 0.03% across all years of the plan.

Where Councils have been able to collect outstanding council tax in a following year(s), this income falls into the Collection Fund and is applied as part of the Council's overall income in the financial year following collection. In 2015/16 and future years £1.0m will be applied from the fund to the revenue budget; i.e. the collection fund surplus.

The final determinant for external income is the level of Council Tax. In 2015/16 the Council is proposing to set a rate of £1,261.17 per Band D property which has been held since 2011/12. In exchange for a nil increase the Council gets a grant equal to a 1% rise.

The MTRP makes an assumption that the Council will accept any 2015/16 and 2016/17 Council Tax Freeze Grant therefore the council tax increase will be 0%. Members are advised that if a similar grant of 1% (or £0.6m) is offered by the government in 2015/16 and accepted the grant may be reversed in future years resulting in an additional budget pressure. In addition there is the cumulative financial impact of any council tax increase foregone from accepting the Council Tax Freeze grant, which would have been built into the Council's base budget if a council tax increase had been made. In addition, as part of the RSG, there is the

risk that the grant could be withdrawn in the future or subject to reductions as it was in 2014/15.

In addition the, government announces on an annual basis the Council Tax rise referendum threshold. For 2014/15 this was 2% or over and is not expected to change for 2015/16. This means if a local authority wants to raise council tax by 2% or more, local residents would have the right to keep council tax bills down through a binding referendum veto. For planning purposes the MTRP assumes that the Council will accept the Council Tax Freeze grant for 2016/17, and then increase council tax by 1.99% in 2017/18 and future years. This is equal to the Bank of England target rate for inflation. In addition this is equal to Central Governments referendum limit for 2015/16.

For planning purposes the assumed council tax levels and tax base is shown in the table below.

	2014 /15 Actual	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'0000
Council Tax Base	41,713	42,371	42,498	42,623	42,748
Council Tax Level (Band D)	£1,261.17	£1,261.17	£1,261.17	£1,286.39	£1,312.12
Council Tax Income	£52.608m	£53.437m	£53.597m	£54.830m	£56,091m

Table last updated 28th January 2015

Business Rate Income

With the introduction of the (part) localisation of business rates and the new homes bonus grant as a central government funding distribution method to Councils replacing, in part, the previous needs led funding assessment there is a clear incentive to Councils to support both residential and business growth in their areas to access funding. This link needs to be clear in all financial planning.

The Council retains a 49% risk/reward of increases or decreases in business rate income from an assumed "baseline" set as at April 2013. The Council will benefit from any growth in the overall rateable value of all the businesses in the bay both from the annual RPI linked to changes in the multiplier or from growth in the number of businesses. Conversely the Council will have reduced funding from any decline in business numbers, higher level of exemptions given and the impact of any downward revaluations from appeals.

The Council is not only liable for 49% of the cost of any revaluation appeals after April 2013, the start of the scheme, but also 49% of the cost of any appeal that was submitted but not resolved before that date. The value of this liability for back dated appeals will be the result of any appeals awarded by the Valuation office. The Council's latest view is that this appeals liability is around £2.5m. The Treasury has announced that 95% of backdated NNDR appeals should be cleared by the valuation office by July 2015 which will help Councils in estimating the impact of these outstanding appeals.

Current year monitoring shows NNDR income to be stabilising after a period of negative growth in NNDR and a "stable" position has been reflected over the period of the plan.

The Council will remain part of the Devon wide Business Rate pool which has a (cumulative) financial benefit of approximately £0.2m per annum to the Council.

If central government changes any aspect of the NNDR system, by changing reliefs or capping inflationary increases, then the impact of these changes on Council NNDR income will be met by central government providing a "New Burdens" Grant. As Government changes

these reliefs etc this will change the split of income between NNDR and grant, which could distort year on year comparisons.

New Homes Bonus

This is an incentive driven (new homes) grant that is expected to rise for 2015/16 to be £2.5m. However as the funding for this distribution is not “new money” but money recycled from reducing Revenue Support Grant paid to Councils, it is a clear risk to the Council that unless its rates of growth and therefore “reward” is greater than the funding being withdrawn the Council will have future budget pressures. The grant reaches a maximum level after six years when it is based on a rolling six year data set of new homes.

Fees and Charges

The Council receives approx. £20m from fees and charges and other sources of income. Some charges are set by legislation (e.g. licensing charges) whereas others the Council have discretion to determine the charge. Fees & Charges are set on an annual basis as part of the budget approval by Council.

No assumptions have been made with respect to fees and charges within the figures included as part of the Medium Term Resource Plan. However, Service Managers will need to consider all options for income generation in the context of the challenging financial period facing the Council whilst taking into account issues of subsidies to encourage usage and the impact of charges upon residents and their ability to pay in these difficult economic times.

6. EXPENDITURE PRESSURES

The 2015/16 budget and proposed £13m budget reductions for 2015/16 approved by Council in February 2014 and October 2014 provides the base position of the financial strategy. To some extent the estimation of expenditure pressures facing the Council are assessable. The starting point is clearly the 2015/16 base budget from which projections can be made using known or estimated data and the assumption that the services provided in that figure will continue at the same level and performance. In addition to this there are certain key assumptions which have been applied and these are:

- (a) Pay inflation: An assumption of a 1% rise is made for 2016/17 for staff in line with Government expectation followed by rises of 1% in each of the following years.
- (b) Increments. These are no longer funded as part of the budget build. Any changes in employees' salaries will have to be met by the service.
- (c) General inflation: Inflation is a routine and unavoidable cost pressure for Torbay and is part of the Council's budgetary process. A unique inflationary factor is applied to over 40 individual items of expenditure where the cost changes are highly likely such as contractual inflation and for energy costs such as electricity and gas. For 2015/16 approx. £2.0m was included.
- (d) Revenue Impact of Council decisions: Where Council has taken a decision that will impact on future revenue budgets this is included. For 2015/16 and future years the impact of employing 35 apprentices has been included. In addition the decision to provide £20m towards the South Devon Link Road due to be operational by 2016/17. At present only funding to support £6m has been identified therefore the borrowing and repayment costs of the remaining £14m, (worst case assuming no capital contributions), will be an ongoing revenue pressure from 2016/17.
- (e) The next actuarial review of the employer's pension contribution is applicable from April 2017. No assumption about a change in the rate in 2017/18 has been made however there may be an increase due to a reduction in the Council's total payroll

from declining staff numbers to fund the past deficit (which is a cash figure), less staff due to outsourcing such as TDA and TOR2, academy school transfers and ongoing budget reductions.

- (f) Changes in employment and employment taxes. The Council faced auto enrolment in pension schemes during 2014 and from April 2016 a pension related 3.5% change in employer national insurance contribution rates.

Service Pressures

All local authorities are faced with making a number of difficult decisions in the face of some of the largest cuts to local government grant within a generation. Whilst the Council will attempt to minimise the impact of funding cuts upon local services through innovative methods of service delivery, working with the community and maximising efficiencies where possible, the expected reduction in future grant funding cannot be managed without significant reductions to service levels and changes in the way services are delivered.

A summary of some of the service pressures which the Council will still be faced with and emerging pressures that may arise once the full impact of the cuts to public expenditure are realised are listed below.

Service Pressures arising:

The continuing financial impact of service pressures within Children's Services due to increasing numbers and complexity of cases. In addition to the £4m extra funds provided in the 2013/14 and 2014/15 budget for safeguarding and the use of £1.5m from reserves, this service is expected to have service pressures of a further £2.7m in 2014/15 (as at Q3 2014/15). An overspend of this level is unsustainable and the Council will have to make budget reductions to other services, above and beyond those required by reductions on central government funding to continue to provide this level of service. However to mitigate this service pressure a budget recovery plan for Children's services was approved by Council in October 2014 which recommended the use of £3.5m of reserves to support children's services in 2015/16 and 2016/17 before, based on the plan, the service starts to underspend in 2017/18 when it will be in a position to repay the reserves used.

There are short term risks to achieving the approved budget reductions for services. The budget reductions identified for 2015/16 are challenging for all services and there is an underlying risk that these will not be fully achieved.

There are a number of significant changes in Adult Social Care which could impact on financial performance – these include the results of a judicial review on Care Home Fees, the implementation (and ongoing operation) of the Care Act changes, the implementation of a pooled budget from April 2015 of the Better Care Fund with Health and the delay in and changes associated with the acquisition process of the Provider Trust by South Devon Healthcare into an Integrated Care Organisation (ICO).

The Council has seen a reduction in its income levels in the previous years linked to the economy such as planning income. These pressures are expected to continue to stabilise in the short term linked to the state of the economy however there could be a reversal of the trend in the medium term.

Demographics

As well as the anticipated reduction in funding, the Council's budget is also under pressure from the other direction with a continuing increase in the number of vulnerable people accessing Council services, notably within Adult Social Care and Children's services.

Information on the Council's demographic is available on the Council website. Some headline statistics include:

Indicator	Torbay	South West	England & Wales
Population	131,000	-	-
Households	59,000	-	-
Population over 65+	23.6%	16.5%	19.6%
Population over 50+	44.5%	36.0%	37.7%
Working Age in Work	69.4%	76.4%	70.1%
Benefit Claimants	19.6%	12.3%	14.7%

Source – Torbay Facts & Figures – July 2012

Torbay has a higher-than-average elderly population and it is expected that this will grow significantly over the next twenty years. In addition to the pressure on Adult Social Care there will also be general growth in population. It is anticipated that the local population will grow by over 1,000, (300 households), per annum with a consequent pressure on services (e.g. housing, benefits, education, community facilities, and transport).

Provision has been made in the plan for 2016/17 onwards for demographic growth of £2.5m per annum but this will be under significant pressure to resource within ongoing efficiencies and changes to service delivery.

Changes to Council Functions and Initiatives

There are a number of changes in local government functions that will be included in the Council's financial planning. A number of significant changes are listed below. Some of these have already come into effect but will impact on 2015/16 and future year budget setting process.

Change in Functions	Description	Timing
Academy Schools	Transfer of schools	April 2011, ongoing
Housing Benefit	Transfer to Universal Credit	To be confirmed
Medical Examiners' Death Certification	New Council responsibility	Expected during 2015/16

In addition there are a number of initiatives being implemented by the Council which will also be included in the Council's financial planning. A number of significant changes are listed below.

Initiative	Description	Timing
Waste Reduction	Energy From Waste Scheme	February 2015
Adult Social Care	"Acquisition" process for Provider Trust	April 2015
Youth Trust	New body to run Youth Services	2015/16
Better Care Fund	Pooling of resources with health and Council	2015/16
Local Enterprise Partnership	Pooling of resources with regional body	2015/16
TDA	Further transfer of Council services to TDA	April 2015
Council Restructure	Impact of new Council structure for	April 2015

7 CAPITAL, ASSET MANAGEMENT AND TREASURY MANAGEMENT

The Council's Capital Investment Plan, Capital Strategy, Asset Management Plan and the Treasury Management Strategy are also key financial planning documents and should be read in conjunction with this Plan. These documents are available as part of the Budget Digest on the Council's website at

<http://www.torbay.gov.uk/index/yourcouncil/financialservices/budget.htm>

There is a direct relationship between the Council's capital and treasury management and the revenue budget – by the minimum revenue provision (for repayment of borrowing), interest costs, interest receipts and the ongoing revenue implications of capital projects either operational or financing.

Capital Investment Plan

The 4 year Capital Investment Plan is updated and reported to Council in February 2012 on a quarterly basis. In addition Council will receive and approve the Capital Strategy and Asset Management Plan which may have an impact on the programme on the revenue budget.

The Plan also includes a potential £20m expenditure on the South Devon Link Road to be funded primarily from prudential borrowing which will be a pressure on future year revenue budgets after the Road is operational.

The impact upon reductions to capital funding is reflected within the Council's Capital Investment Plan, an extract is shown below of the revised 4 year Capital Investment Plan based on approval schemes.

Revised 4 year Plan Jan 2015 (Draft Q3)	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Capital Expenditure	23,193	28,276	18,925	8,804	79,198
Capital Funding:					
Supported Borrowing	156	348	0	0	504
Unsupported Borrowing	6,296	15,218	3,220	2,907	27,641
Grants	13,916	9,707	14,297	5,512	43,432
Contributions	474	330	103	0	907
Reserves	1,211	771	100	385	2,467
Revenue	389	800	655	0	1,844
Capital Receipts	751	1,102	550	0	2,403
Total Funding	23,193	28,276	18,925	8,804	79,198

Table last updated 27th January 2015

The plan is dependent on a number of funding streams – such as government grants, capital receipts and capital contributions such as the community infrastructure levy. Currently there is increasing uncertainty over the level of government grant particularly in 2015/16 where a number of Council capital grants may be pooled with other organisations. In addition the Council is not expected to adopt a local plan until 2015 so the Council will not receive any Community Infrastructure Levy until then.

Treasury Management Strategy

Council approves an annual Treasury Management Strategy. This plan is significantly influenced by the council's approved capital expenditure plan particularly in relation to the

timing of spend and the level of prudential borrowing approved that is required to be financed. The Strategy includes estimates for interest rates which will impact on the Councils' investment income and interest payable budgets.

In relation to Treasury Management a key factor is level of council borrowing compared to need over the medium term and its underlying need to borrow which is reflected in its capital financing requirement (CFR). In the medium term the level of Council borrowing should not exceed its CFR. Borrowing levels under CFR indicate that the Council has used cash flow from other sources, such as reserves or working capital to fund capital expenditure.

	2013/14 Actual £m	2014/15 Revised Est £m	2015/16 Est £m	2016/17 Est £m	2017/18 Est £m
Total Capital Financing Requirement (CFR)	135	177	178	175	173
Movement in CFR	(1)	42	1	(3)	(2)
Movement in CFR represented by:-					
Net financing need for the year - capital	4	47*	7	3	1
Less: MRP/VRP and other financing movements	(5)	(5)	(6)	(6)	(6)
Movement in CFR	(1)	42	1	(3)	(5)

*Includes 17% share of costs relating to the Energy from Waste facility in Plymouth

	2013/14 Actual £m	2014/15 Est £m	2015/16 Est £m	2016/17 Est £m	2017/18 Est £m
External Borrowing	138	138	138	138	134
Other Long Term Liabilities	9	42	40	38	36
Sub Total	147	180	178	176	170
Ratio of net financing costs to net revenue	8%	9%	9%	10%	10%
Total CFR	135	177	178	175	173
Borrowing (over)/under CFR	(12)	(3)	0	(1)	3

Tables last updated 27th January 2015 - Treasury Management Strategy 2015/16

7 RESERVES AND RISK

Reserves

There continues to be a considerable amount of attention and debate given to the level of reserves held by local authorities. The Coalition Government have expressed a view that all Councils could be utilising reserves on a temporary basis during this period of austerity. Conversely as budgets are reduced, risks rise therefore there is a strong view that reserve levels should increase to reflect that increased risk.

Members will be aware the Council annually reviews and revises the level and appropriateness of the reserves being held following recommendations from the Chief Finance Officer taken in the light of the requirements of the Local Government Act 2003 and CIPFA guidance.

As part of the budget process a review of reserves will be undertaken and will be presented to Council. As in previous years all reserves will be robustly challenged by officers to assess where monies can be released to support the financial pressures faced by the Council. However, it is essential that reserves are sufficient to meet future demands and commitments and to ensure the level of reserves takes into account the current and future risks faced by the Council. Where reserves are reduced and released these can only be used to fund one off initiatives and not ongoing commitments.

The 2015/16 Review of Reserves report was approved by Council in October 2014 and can be accessed in the link to the 2015/16 Budget Digest in section 7 above.

The significant funding reductions the Council continues to face and the increased financial risks from not achieving these reductions combined with significant service pressures in Childrens social care increases the financial risk to the Council and therefore the Council should consider meeting these risks by protecting and maybe increasing its reserves. The three main pressures are:

- Financing any 2014/15 overspend that cannot be met from reductions to other services
- Financing any 2014/15 cost implications of the Judicial Review for Care Homes Fees
- Financing the costs of reducing budgets, primarily the costs of staff reductions and any set up costs for revised service arrangements
- Supporting the 2015/16 and future year revenue budget if the required savings are not achieved to ensure a “robust” budget or there is a delay in realising these savings.
- To fund, in the short term, the £3.5m identified in the Children’s Service Cost Reduction Plan approved in October 2014 by Council.

These risks are significant and the Council needs to ensure it has an appropriate level of reserves.

Risks

The projected budget gap over the life of this Plan is an estimated position and is subject to change and is based upon a series of assumptions and projections which will be regularly reviewed for future years to ensure they continue to be realistic.

There is therefore a risk that the projections for the budget deficit may prove to be under-estimates – primarily due to the number of significant changes to the system for local government finance and the unknown level of funding/cuts expected in 2016/17 and future years. There is uncertainty as to the full impact upon the Council of changes in funding arising from the impact of Academy Funding and any changes to the other grants. To mitigate this risk, the MTRP will be updated as appropriate to take account of changing circumstances and new intelligence.

The main financial planning risks that will affect the projections are likely to be:

- The effect of Local Government Resource Reviews on grant levels for the next few years linked in part to the General Election in May 2015.
- The potential late announcement (December 2015) of 2016/17 funding figures
- Impact of the Business Rate Retention Scheme on Council income linked to business rate growth
- Impact of New Homes Bonus grant income linked to housing growth

- The amount of the Education Services Grant the Council will receive following the “topslicing” of Formula Grant in order to transfer funding to academies
- Inflation continues to run at a much higher rate than the rates that have been assumed, with no sign of interest rates rising to provide an offsetting income stream
- Income projections built into the budget may not be achievable due to factors outside of the council’s control e.g. a worsening economic outlook, further reduction in investment yields.
- On going cost of social care both Childrens and Adults.
- The achievement of the Childrens Services 5 year cost reduction plan and the repayment by Childrens of £3.5m of reserves from future savings based on the Plan and £1.5m from the use of the earmarked PFI Reserve in 2014/15.
- Impact of major changes in Adult Social Care such as Care Act implementation, the (expected) Integrated Care Organisation and Better Care Fund.
- Potential revenue costs of major capital schemes.



CORPORATE CAPITAL STRATEGY
SUMMARY VERSION

OCTOBER 2014 REVISION

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Appendix 1 - Definition of Capital Expenditure

Produced By:

**Torbay Council,
Town Hall,
TORQUAY**

Contact Officer – Martin Phillips (Tel: 01803 207285)

1. Introduction

The Corporate Capital Strategy is the policy framework document that sets out the principles to be used as guidance in the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 4-year Capital Investment Plan.

Capital investment is technically described as: **Expenditure on the acquisition, creation, or enhancement of 'non current assets' i.e. items of land, property and plant which have a useful life of more than 1 year.** Expenditure outside this definition will be, by definition, revenue expenditure.

Most non current assets are properties that are used in service delivery. The Council's land, buildings and infrastructure asset base of some 1,500 properties has a current use Balance Sheet value of £260 million. In addition the Council has an interest in assets held by Diocese and Foundation schools and assets of companies the Council has a financial interest in such as Torbay Development Agency.

Although the Strategy focuses on the Council's management of its own investment in assets, a wider view of capital investment throughout the Bay by both the public and private sectors will have a major influence on meeting Council aims and objectives.

The Capital Strategy is presented to Council as a Policy Framework document, and links with the Treasury Management Strategy and the Corporate Asset Management Plan. Both documents are available from Council offices and on the Council's Website:

<http://www.torbay.gov.uk/index/yourcouncil/financialservices>

The Capital Strategy sets out the guiding principles on the following elements:

- Approach to Borrowing
- Grant Allocation
- Capital Receipts
- Revenue and Reserves
- Prioritisation and Approval
- Alternative Funding and Delivery Options
- Investment Opportunities
- South Devon Link Road

In considering the principles, the Council needs a balance between guidance and prescription to allow a flexible approach to be taken but reflective of times of uncertainty. This summary document focuses on the key policies for the allocation of capital resources to schemes in line with Council priorities and statutory responsibilities.

It is proposed that for 2015/16 the Capital Strategy will be approved for a period beyond one year with Council approval only required when there is a proposed change to the Strategy. This change will be reflected in the Constitution.

The management of the Capital investment Plan is also supported by the Council's approved Financial Regulations.

<http://www.torbay.gov.uk/DemocraticServices/documents/s19897/29%20Financial%20Regulations%20and%20Contracts%20Standing%20Orders.pdf>

2. Guiding Principles

2.1 Approach to Borrowing

The Council is able to borrow money on the money market or from the Public Works Loan Board to fund capital schemes or, on a short term basis, use its own internal resources (i.e. cash flow), however for all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs as there is no longer any central government “supported borrowing” allocations and related revenue support.

The Council is only able to borrow for “unsupported borrowing” (also known as Prudential Borrowing) under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable. All schemes funded from prudential borrowing are approved by full Council.

The Council’s approved Treasury Management Strategy is to continue to reduce the level of Council borrowings over four years which implies that no new major prudential borrowing schemes will be approved.

The Council has historically taken a cautious approach to new borrowing, paying particular regard to the robustness of the business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral on Council Tax). It is essential that any new proposals for a self funding or invest to save scheme supported by borrowing has a robust business case that is presented to senior members and officers prior to approval by Council.

To support its revenue budget the Council will continue to evaluate any capital investment projects either acting alone or with partners that will produce an ongoing revenue income stream for the Council.

There may be the need for borrowing that has no identifiable future revenue stream, for example, to repair or construct infrastructure assets. Here a broader view can be taken of the value of repairing the asset to the overall economy of the Bay. The cost of such borrowing falls on the tax payer through payments of debt interest on the Council’s revenue account and repayment of debt over a specified period of time. There may still be a need for such borrowing but each proposal should be reviewed on a case by case basis with the project evaluation clearly stating how the borrowing is to be afforded. Given the significant ongoing financial challenges facing this Council over the next few years it is likely that such schemes will be an “exception”.

2.2 Grants

The Council receives capital grant funding from government and is able to bid for grant funding direct to particular government departments or from other grant awarding bodies. The funding from central government tends to be un ring fenced and without conditions, however this funding is at levels significantly lower than in the last decade.

The Council now has greater flexibility in allocating capital grant funding which allows the Council to direct funding to local priorities which may not be in line with government allocations which are, to some extent, based on local need. Service intentions of the identified government body awarding the grant may be taken into account in determining allocations.

Any un ring fenced capital grants received, even if these are allocated with service intentions of the identified government body awarding the grant, will be required to be approved by Council. Consequently once capital grants have been allocated to specific service by Council, individual schemes within that allocation are subject to each individual

scheme being approved by the Executive Director in consultation with the Mayor.

Central Government intentions are that from 2015/16 a number of the Council's capital grants will be pooled with other public sector bodies. It is expected that Disabled Facilities Grants and Social Care capital grant will be included in the Health and Social Care "Better Care Fund" and the Integrated Transport Fund grant will be pooled with the Local Enterprise Partnership. The exact allocation and Council control and influence over these grants have to be clarified but it is clear that the Council will need to work with other bodies for capital investment in the future. All bids and/or discussion with partners for the use of pooled capital grants are to be agreed with the Mayor and Executive Director prior to submission.

The Council continues to bid for additional external grant funding but restricts schemes to those which support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable, and requirements for match-funding and future revenue consequences have been considered and approved. All bids are to be agreed with the Mayor and Executive Director prior to submission.

2.3 Capital Receipts and Capital Contributions

The Council receives capital receipts and capital contributions from:

- Asset Disposals
- Right to Buy Clawback
- S106 and Community Infrastructure Levy - CIL (after Council approves policy)
- Repayment of loans for a capital purpose

Asset Disposals

The current policy is to pool all receipts from the sale of all assets sold to support the Capital Investment Plan in line with funding the Council's priorities. The current Capital Investment Plan has a capital receipts target to support the approved Plan that has not yet been met. All capital receipts received should be allocated to support this target and not allocated to new schemes. An asset disposal will be deemed to occur when the Council transfers the freehold or a long lease (usually over 40 years).

The Council will consider exceptions to this policy where rationalisation of assets used for service delivery is undertaken and in respect of school sites where the Secretary of State has approved the disposal – such exceptions will require Council decision.

Under the Council's constitution the approval for the disposal of an asset is an Executive (Mayoral) function. The Mayor however will take regular reports on assets identified for disposal to full Council.

The Council will aim to maximise its capital receipts, where possible, by enhancing the land prior to disposal; e.g by obtaining planning permission or providing a development plan. As appropriate the Council may dispose of assets by tender or by public auction.

Asset Disposals at nil consideration

In considering asset disposals, the Council also needs to take into account the policy on Community Asset Transfers where the Council will consider, on a case by case basis, the potential transfer of assets to an alternative provider after a full assessment of the long term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Council's aims and objectives.

The Localism Act 2011 introduced the "Community Right to Bid" and placed a duty upon

local authorities in England to maintain a list of assets of community value. This list is known as the Council's List of Assets of Community Value ("the List"). The Assets of Community Value (England) Regulations 2012 ("the Regulations") set out the procedure together with the exemptions. The Council policy, based on the national guidelines, will be published on the website. Once an asset is "Listed" any disposal will be under the Community Asset Transfer policy or for market value by tender/auction.

Where the Council proposes to dispose of, or grant a long lease, at nil consideration or at a value below market value this should be approved by Council. This will also apply where the disposal is for a community or service benefit.

There may be circumstances, such as the transfer of community school assets under the Academies Act, where assets will also be disposed of at nil consideration.

Right-to-Buy Clawback

The Council's policy of recycling 100% of these receipts into new affordable housing acknowledges the Council's role as strategic housing enabler by providing some direct re-investment to replace the properties lost from the public sector through the Right-to-Buy system.

S106 contributions and Community Infrastructure Levy (CIL)

S106 monies come from developer contributions through the planning system. Unless there are service specific conditions on the use of the S106, the monies should be used to support existing Council priorities and commitments rather than be allocated to new schemes. Any S106 monies received without a service or scheme specific allocation within the planning agreement will be allocated in line with Council's capital scheme priorities.

Any monies received for infrastructure from the Community Infrastructure Levy (when introduced) will not be allocated to a specific service but will be allocated under the CIL arrangements ("the 1,2,3 List") in line with Council's capital scheme priorities including any specific funding requirements such as the South Devon Link Road.

The current policy is to pool all capital contributions to support the Capital Investment Plan in line with funding the Council's priorities. The current Capital Investment Plan has a capital contributions target to support the approved Plan that has not yet been met. All capital contributions received should, where possible, be allocated to support this target and not allocated to new schemes.

Repayment of loans for a capital purpose

Where the Council provides a loan for a capital purpose this will be approved and accounted for as capital expenditure. The repayment of loan by the borrower will be treated as a capital receipt; however any receipts of this nature will be specifically applied to reduce the value of the outstanding loan.

2.4 Revenue & Reserves

The Council is able to use revenue funding and reserves for capital schemes. However, as a result of competing revenue budget pressures and the continued reduction in government support for revenue expenditure, the Council's policy is generally not to budget to use revenue or reserve funds to directly fund capital projects after the feasibility stage.

2.5 Prioritisation and Approval

It is always difficult to make choices between competing priorities within a top tier Council

that delivers so many varied services. A Capital Reserve list is maintained. It will also be important to ensure sufficient flexibility to take advantage of any funding opportunities that may occur mid year or fill any gaps where slippage occurs.

The key stages in the Council's prioritisation and approval process are as follows:

1) If a specific scheme is to be approved/funded there will be a requirement for a detailed business plan or project outline. Business plans are to be submitted to the Executive Director in consultation with the Mayor, Executive Lead for Finance and Chief Finance Officer:

If a scheme is to be funded from (previously approved) allocations the scheme will be approved by the Executive Director in consultation with the Mayor, Executive Lead for Finance and Chief Finance Officer and progressed when funding confirmed or,

If new (confirmed) funding is to be used for a scheme to be funded by, say, a specific grant and if the scheme is supported by Executive Director in consultation with the Mayor, Executive Lead for Finance and Chief Finance Officer it will be reported to Council.

If funding has been allocated by Council to a service without individual schemes being identified at the time of approval, (such as a general allocation to schools for "basic need" projects), individual schemes within that allocation are subject to each individual scheme being approved by the Executive Director in consultation with the Mayor.

2) Proposals for invest to save or self financing schemes, (usually financed from prudential borrowing), will also require a detailed business case to be submitted to the Executive Director in consultation with the Mayor, Executive Lead for Finance and Chief Finance Officer. If the scheme is supported it will be recommended to Council for approval.

3) The capital investment plan will be updated and any recommendations for schemes to be approved by Council included in the next quarterly Capital Investment Plan Update Report.

4) Other schemes that do not require financial support but include the use of Council assets as a Council contribution to a scheme will also be subject to the Council's approval process.

5) Where there is a proposal to transfer capital resources from an approved scheme to a new scheme and there is a change of "policy", the new scheme will be approved by Council.

2.6 Alternative Funding and Delivery Opportunities

As Council capital funding is reduced the Council will continue to consider alternative methods of supporting capital expenditure within the Bay, using alternative funding, such as social investment, private sector finance and third sector funding or by other bodies delivering capital schemes instead of the Council.

The Council could aim to use its assets to support schemes or aim to maximise funding from any source possible, such as European or Local Enterprise Partnership funding.

The Council continues to bid for additional external funding and/or work with other bodies to secure capital investment or consider use of its own assets in a development, but restricts schemes to those which support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable, and requirements for match-funding and future revenue consequences have been considered and approved along with an assessment of the opportunity costs of alternative options. All schemes are to be agreed with the Mayor and Executive Director prior to submission and/or contractual commitment.

2.7 Investment Opportunities

Linked to its approach to borrowing and its Treasury Management Strategy the Council will consider, if the opportunities arise, the purchase of land and property as an investment – to both generate an ongoing income stream or to realise an increased capital value in the future. This could include the purchase of land or property or the purchase of “shares” in a property fund. Depending on the capital funding proposed the appropriate approvals will be requested including approval within the Treasury Management Strategy.

2.8 South Devon Link Road

The Council has committed to support the South Devon Link Road to a maximum value of £20 million. At present the Council has approved revenue budget to fund the ongoing interest and repayment costs for £6 million of borrowing and, if no other capital funding is identified, the remainder of the £14 million identified will be a future year revenue budget pressure.

Appendix 1 - Definition of Capital Expenditure

Capital investment is simply described as:

Expenditure on the acquisition, creation or enhancement of “non current assets”

(non current assets are items of land & property which have a useful life of more than 1 year)

This definition of capital expenditure that the Council has to comply with for the classification and, therefore, the funding of capital expenditure is linked to International Financial Reporting Standards. “Qualifying Capital Expenditure” under s25 of Local Government Act 2003 is defined when:

“The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with “proper practices””

“Proper Practice” (from 01/04/10) is under International Financial Reporting Standards (IFRS) rules. The relevant standard is IAS16 which has the following definition of capital expenditure:

“Expenses that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management”.

“Directly attributable”. i.e if building a school – costs linked to the actual construction of the building, not temporary accommodation, moving people around etc.

Subsequent Capital Expenditure on an asset is defined as:

“Expenses that make it probable that future economic benefits will flow to the authority and whose cost can be measured reliably” Subject to..... “if the expenditure is to replace a component, the old component must be written out of the balance sheet”.

Future economic benefits i.e it is not necessary for the expenditure to improve the condition of the asset beyond its previously assessed standard of performance – the measurement is against the actual standard of performance at the date of expenditure; e,g if service potential or asset life is increased.



Meeting: Council

Date: 5th February 2015

Wards Affected: All Wards in Torbay

Report Title: Treasury Management Strategy 2015/16 (incorporating the Annual Investment Strategy 2015/16 and the Minimum Revenue Provision Policy 2015/16)

Executive Lead Contact Details: Mayor, 01803 207001, mayor@torbay.gov.uk

Supporting Officer Contact Details: Pete Truman, Principal Accountant, 01803 207302, pete.truman@torbay.gov.uk

1. Purpose and Introduction

- 1.1 The Strategy outlined in this report aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2015/16 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.
- 1.2 The overall objectives of the Treasury Management Strategy are:
 - To ensure sufficient funding is available for day-to-day activities and capital projects through effective cash flow management
 - To seek to reduce the impact on the revenue account of net interest costs through optimal levels of borrowing and investment
 - To prioritise control of risks in investing cash and to then achieve maximum returns from those investments commensurate with proper levels of security and liquidity.

2. Proposed Decisions

- 2.1 That the Treasury Management Strategy for 2015/16 (incorporating the Annual Investment Strategy 2015/16) set out at Appendix 1 to the submitted report be approved;
- 2.2 That the Prudential and Treasury Indicators 2015/16 laid out in Annex 1 of the submitted report be approved;

2.3 That in line with the Council's Constitution and Financial Regulations:

- (i) the Chief Finance Officer be authorised to take any decisions on borrowing and investments. (Delegations to the Section 151 Officer, paragraph 3.1(a));**
- (ii) that the Chief Finance Officer be authorised to invest temporarily or utilise surplus monies of the Council; (Financial Regulations, paragraph 14.5); and**
- (iii) That the provisions outlined above exclude decisions to make loans to external organisations and that these require approval by Council. However loans of less than £50,000 to be approved by the Chief Finance Officer.**

2.4 That the Annual Minimum Revenue Provision Policy Statement for 2015/16 as shown in Annex 2 to the submitted report be approved.

3. Reason for Decisions

- 3.1 The Treasury Management Strategy is considered under a requirement of the CIPFA Code of Practice on Treasury Management which was adopted by the Council on 25th March 2010.
- 3.2 The approval of an Annual Investment Strategy by Council is a requirement of the Guidance on Local Government Investments issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. This sets out the Council's policies for managing its investments under the priorities of security first, liquidity second and then returns.
- 3.3 In addition, the Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 3.4 Under CLG regulations the Council is required to approve a Minimum Revenue Provision (MRP) Statement in advance of each year.
- 3.5 The strategy was considered by 21st January 2015 and in the light of comments made by Members the strategy has been updated.

Supporting Information

4. Position

4.1 The Council defines its treasury management activities as:

“The management of the authority’s investments and cash flows, it’s banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

4.2 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council’s risk appetite, providing adequate liquidity initially before considering investment return.

4.3 In particular, Section 32 of the Act requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This report, together with the rolling Capital Investment Plan, forms an integrated strategy to ensure the affordability of capital projects.

4.4 The provisional 2015/16 budget for interest payments has therefore been set at a level which will cover the Council’s borrowing requirements in the Capital Investment Plan together with cash flow costs arising from capital projects.

4.5 The interest receipts budget for 2015/16, which is directly linked to the Council’s borrowing position, is based on an average investment balance of £64 million and an average investment rate of 0.94% (the estimate for 2014/15 was 0.84%). This includes monies held by the Council’s external Fund Manager and exceeds the market benchmark rate forecast to remain at around 0.50%

4.6 The budget for payment of interest on debt for 2015/16 is based on an overall borrowing rate of 4.39% which is unchanged from the previous year.

4.7 The core balances for which cash backing is required reflects the level of Council reserves, provisions, unapplied grants and contributions and working capital. This links to the Capital Investment Plan and Medium Term Resource Plan which form the basis of the Council’s longer term strategic cash flow forecasts.

4.8 The proposed strategy for 2015/16 is set out in full at Appendix A to this report and covers the following:

- Prudential and Treasury Indicators;
- Capital expenditure and the Capital Financing Requirement

- the minimum revenue provision (MRP) policy
- core funds and expected investment balances
- prospects for interest rates;
- economic conditions and scenario planning;
- the borrowing strategy;
- the Annual Investment Strategy;
- policy on use of external service providers;
- reporting arrangements and management evaluation;
- other matters

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

4.9 The key points of the proposed strategy are:

- * **A slow increase in interest rates with little impact in 2015/16**
- * **A steady but slow increase in the level of the Capital Financing Requirement primarily linked to the South Devon Link Road**
- * **MRP generates funds per year for repayment of borrowing**
- * **The Council will seek to early repay up to £10million of borrowing over the medium term on sufficiently favourable movement in rates**
- * **Opportunity to repay will not be assumed within the budget and investment strategy will be based on current projected cash levels;**
- * **The number of suitable investment counterparties remains restrictive**
- * **An element of core cash levels will, where possible, be exposed to deposits of around one year or longer subject to interest rates and creditworthiness**
- * **A proportion of in-house managed funds to be held in short-term variable rate instruments to enact strategy transactions and to mitigate a rise in investment rates.**
- * **Options for in-house use of alternative investment instruments are to be investigated following discussions with Audit Committee members. The CFO has identified an option to diversify into a Property Fund and will present this and any other suitable options such as peer-to-peer lending to Council during 2015/16.**
- * **The Council's long term liabilities will increase by £33 million when the Energy from Waste capital scheme becomes operational**

5. Possibilities and Options

5.1 Not applicable.

6. Fair Decision Making

6.1 Not applicable

7. Public Services (Social Value) Act 2012

7.1 Not applicable

8. Consultation

8.1 Not applicable

9. Risks

- 9.1 The main risks to Treasury Management activities will arise from interest rate levels and volatility, liquidity and cash flow requirements and creditworthiness of investment counterparties.
- 9.2 The management of specific risks is outlined in the Treasury Management Practices as required by the CIPFA Code of Practice approved by Council on 25th March 2010. Detailed controls are set by the Chief Financial Officer within the Schedules to the Treasury Management Practices and these are reviewed annually.
- 9.3 Other sections of this report below deal further with risk management and mitigation of particular elements of the 2015/16 Strategy.

Appendices

Appendix A	Treasury Management Strategy 2015/16
Annex 1	Prudential and Treasury Management Indicators
Annex 2	Policy on Minimum Revenue Provision for 2015/16
Annex 3	Interest Rate Forecasts 2015 – 2018
Annex 4	Economic Background
Annex 5	Creditworthiness Policy
Annex 6	Specified and Non-specified Investments

Treasury Management Strategy 2015/16

This Appendix sets out full details for all aspects of the Treasury Management Strategy for 2015/16.

A1 Prudential Indicators and Treasury Indicators

Local Authorities are required to set indicators to demonstrate they have fulfilled the objectives of the Prudential Code and CIPFA Code of Practice on Treasury Management. The indicators for 2015/16 and future years are set out at Annex1

A2 Capital Expenditure and the Capital Financing Requirement

A2.1 Capital expenditure plans are a key driver of treasury management activity and form the first of the Prudential Indicators at Annex 1. Figures are as per the Capital Investment Plan Quarter 2 2014/15 report and are summarised below.

Capital expenditure £M	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Total	17.3	30.3	18.1	12.4	8.8	0

A2.2 The figures include a borrowing requirement of £27M over the medium term which includes an element of temporary borrowing awaiting confirmation of capital income.

A2.3 These plans feed into the overall Capital Financing Requirement (CFR) which is explained at Annex 1 and summarised below.

CFR £M	2013/14 Actual	2014/15 Revised Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Total	135	177	178	175	173	TBC

A3 Minimum Revenue Provision (MRP) policy statement

A3.1 The Council is required to set aside an amount for the repayment of borrowing used for capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP). It is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

A3.2 CLG regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

A3.3 The recommended MRP Policy for 2015/16 is set out at Annex 2 to this report.

A4 Core funds and expected investment balances

A4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £M	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Reserves	37	27	20	15	14	TBC
Provisions	2	2	2	2	2	TBC
Other Balances	1	10	11	13	16	TBC
Total core funds	40	39	33	30	32	TBC
Working capital	12	12	12	12	12	TBC
Total Cash Requirement	52	51	45	42	44	TBC
Excess LTL>CFR	12	3	0	1	(3)	TBC
Expected Investments	64	54	45	43	41	TBC

A5 Prospects for Interest Rates

A5.1 The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Annex 3 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Capita central view.

Annual Average %	Bank Rate %	3 Month LIBID %	PWLB Borrowing Rates % (including certainty rate adjustment)		
			5 year	25 year	50 year
March 2015	0.50	0.60	2.20	3.40	3.40
March 2016	0.75	0.90	2.60	4.00	4.00
March 2017	1.25	1.40	3.20	4.50	4.50
March 2018	2.00	2.10	3.60	4.80	4.80

A5.2 These levels remain low in the short term due to Bank of England policies, market conditions and the impact of quantitative easing.

A5.3 Sensitivity of Forecasts. The projections within this report are based on officers “central” view of market rates applicable in 2015/16. These are subject to variation from interest rate changes and cash flow changes. An illustration of the potential impact of these changes is shown in the following table:

Variation	Central Case	Change +/-	£ Variation*
Change in Investment rates (new investments)	0.94%	1%	£0.54 million
Change in Borrowing Rates (change in penalty cost on early repayment of an indicative £5 million)**	n/a	1%	-£0.2million/ +£0.2 million
Change in Average cash flow (assume increased investments)	£63 million	£10 million	£0.05 million

* Based on current levels of borrowing and investment

**The strategy provides for no additional borrowing in 2015/16 for capital funding and all existing borrowing is at fixed rate so any change in Borrowing Rates will have no effect on interest payable

A5.4 The above forecasts give rise to difficult conditions for implementing the proposed strategy and the need for Treasury Management officers to remain agile and react to any changes in Bank of England policy or market sentiment.

A6 Economic Conditions and Scenario Planning

- A6.1** A commentary on the economic background to this strategy, issued by Capita, is provided at Annex 4. The uncertainty of economic conditions within the UK and USA appear to be easing but, along with the Eurozone, will continue to have a significant impact on the Council's Treasury Management function.
- A6.2** The Council is still facing a situation where Bank Rate and therefore investment returns are at record lows, well below the level payable on borrowings and the focus of the strategy is to mitigate the resultant cost of carrying debt.
- A6.3** The Council has linked its medium term financial planning to the continuing uncertain conditions and the impact on the Council's investment budget has formed part of the budget planning process for future years.
- A6.4** The current economic conditions are still very unpredictable and as a result there are a range and potential speed of market movements that could occur over the next few years which will provide a challenge to officers. The current strategy and budgets reflect that uncertainty and are based on prudent views of market movements and counterparty limits are set to minimise the Council's exposure to risk.
- A6.5** The latent crisis in the Eurozone and the potential effect on markets will continue to be monitored by Officers for threats to treasury activities. The Council currently excludes

all Eurozone Banks from the approved lending list regardless of individual credit rating.

- A6.6 Varying the Council's counterparty limits could increase or decrease investment yield with a corresponding change in the level of security (risk) over the counterparty. In the current market conditions any extension of counterparty limits and maximum length of investments could increase investment yield. However this would need to be considered against the higher risk of impairment.
- A6.7 Diversifying the investment portfolio into more complex instruments could also increase yield but has to be measured in terms of both risk and resource capacity. Options for in-house diversification are being investigated and will be presented to Council in 2015/16.
- A6.8 The government has reduced its share in Lloyds Banking Group to 24% and could sell-off a further £3billion in shares in the run up to the next general election. The CFO is satisfied that the current risk appetite for the part-nationalised banks remains appropriate but will adjust exposure limits as appropriate should diminished government stake holding and potential "bail-in" measures increase the investment risk.
- A6.9 The charge from the Minimum Revenue Provision policy (see section A3 and Annex 2) generates funds for repayment of borrowing or postponement of new borrowing. Current credit and interest risk environments give rise to a preferred repayment strategy to reduce cost and cash levels.

A7 Borrowing Strategy

A7.1 The following table provides an analysis of current borrowing levels against the Capital Financing Requirement (CFR) derived from the approved Capital Investment Plan. This also forms one of the Prudential Indicators at Annex 1.

£m	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt at 31 March						
External Borrowing	138	138	138	138	134	132
Other long-term liabilities (OLTL)*	9	42	40	38	36	34
Total Borrowing and Other Long Term Liabilities	147	180	178	176	170	166
The Capital Financing Requirement	135	177	178	175	173	TBC

* The PFI Energy from Waste scheme is required to be shown on-balance sheet and has increased the Council's long-term liabilities by £33million from 2014/15

- A7.2 Prior year strategies to repay borrowing have succeeded in re-aligning the level of borrowing with the CFR.
- A7.3 Based on borrowing rate forecasts and continuing low investment yields the recommended strategy aims to further repay existing borrowing and utilise internal cash resources to fund capital expenditure in the short term.
- A7.4 The repayment policy remains for any repayment to be made on significant rises in PWLB rates providing advantageous rescheduling opportunities.
- A7.5 The trigger for any repayment option will be considered when the payback period of the repayment penalty falls to two years in terms of net interest.
- A7.6 The Capital Investment Plan remains fluid and the CFR in A7.1 includes an element of temporary borrowing which may be replaced by other funding thereby reducing the CFR further.
- A7.7 At some point in the future the Council will have to re-borrow when internal resources fall below operational cash flow requirements or borrowing reaches maturity, with potential exposure to higher rates. The benefits of the strategy will therefore be weighed against this future interest rate risk.
- A7.8 The current market conditions make repayment less attractive due to high penalty costs and these conditions are now forecast to continue further into 2015/16 (see section A5). Budget forecasts for 2015/16 have therefore not assumed the strategy

aim to repay borrowing. However, the volatile conditions in the economic climate make predicting rate movements extremely difficult and Officers will act on this strategy at any point the rate environment moves to a favourable position.

A7.9 Based on current PWLB repayment terms, gilt yields need to rise by around 1.10% - 1.50% on the levels as at December 2014 for any repayment to be affordable and by 2.25% to reach the level at which the Council would ideally begin to make repayments.

A7.10 Any repayment of borrowing will only be applied following a thorough assessment of:

- any change to the level of the borrowing requirement
- additional capital projects funded from borrowing
- assessment of working capital and other Council cash backed resources such as Reserves, Provisions and capital grants
- prevailing market conditions
- anticipated cash flow and any temporary borrowing requirements
- future market expectations
- the need to re-borrow in the medium to longer term as loans reach maturity

A7.11 Rescheduling of existing debt will also be considered if opportunities arise, to supplement the primary aim of repaying loans.

A7.12 No new borrowing is envisaged for 2015/16. However, if in future years capital plans significantly change and there is a borrowing need based on internal cash levels, the Council may seek to secure new funding prior to the anticipated rise in borrowing rates in future years.

A7.13 The majority of the Council's cost of interest and associated Revenue Provision relate to historic borrowing "supported" by central government and other debt transferred from Devon County Council on Local Government Reorganisation in 1998. (Borrowing is no longer fully supported due to reductions in Council grant).

A7.14 Borrowing from PWLB or other sources is only one option the Council has to finance its expenditure on capital projects e.g. the Council could use finance leases or provide financing via PFI agreements such as the Energy from Waste Plant.

A7.15 As a matter of policy approved borrowing sources are from the Public Works Loan Board and market instruments from counterparties listed by the Financial Services Authority. The Municipal Bonds Agency, currently in the process of being set up, will also be considered.

A8 ANNUAL INVESTMENT STRATEGY

Investment Policy

- A8.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments and the CIPFA Treasury Management in Public Services Code of Practice.
- A8.2 The Council's investment priorities, in line with CLG Guidance, are: -
the security of capital
the liquidity of its investments.
- A8.3 The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- A8.4 The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.
- A8.5 Annex 5 to this report details the policy for selection of counterparties and management of investments to achieve the objectives of the Investment Policy.
- A8.6 Investment instruments identified for use in the financial year are listed at Annex 6 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be set within the schedules accompanying the Council's Treasury Management Practices.
- A8.7 In view of the difficult market conditions officers will continue to review alternative investment opportunities for core cash including loans to external organisations. Any loans made under this policy will be classified as policy loans and not a treasury management investment. As such it is recommended that loans of £50,000 and over fall outside of the powers delegated to the CFO and that approval is required by Council.
- A8.8 Officers have discussed with members of the Audit Committee, the potential to move into higher risk investments. From initial examination of alternative instruments the CFO has identified an option to diversify part of the investment funds into the CCLA Property Fund. This will be reported to Council in 2015/16 along with other options, such as peer-to-peer lending, to assess any desired shift in risk appetite.
- A8.9 The Investment Strategy is based on current projected cash levels. If any significant changes occur to cash levels, e.g. strategy implementation of early repayment of PWLB borrowing, then the Investment Strategy will need to be reviewed.
- A8.10 The Council does not adopt a specific Ethical Investments policy but officers will have regard to any questionable activity on the part of a counterparty or sovereign government before depositing funds.

Investment Strategy

- A8.11 The investment strategy for 2015/16 is strongly influenced by the market and credit risks outlined above but needs to be balanced with the need to maximise revenue

within these risks.

- A8.12 Expected investment levels at A4.1 are subject to increasing risk. Suitable counterparties complying with the Council's selection policy have decreased slightly but remain a limiting factor. Investment rates available to the Council continue to be influenced to the downside due to the effects of Quantitative Easing and Funding for Lending providing cheaper cash for Banks.
- A8.13 The strategy driver of using investment cash to repay borrowing (A7.6) to reduce exposure to the interest rate, market and credit risks will continue for 2015/16.
- A8.14 The forecast of a slow rise in investments justifies the use of longer term deposits to lock into higher rates and provide guarantee of return in the short term. A total of £15 million is currently locked out to 2016 and any additions will take into account the Treasury Indicator for prudent amounts to be invested for over 364 days as well as liquidity, creditworthiness and interest rate concerns.
- A8.15 Current fixed term deposits are predominantly in UK part-nationalised banks where the implicit government guarantee continues to offer the safest haven for Council cash. Duration will focus on one year deposits with these institutions to provide a maturity structure that allows officers to respond to reducing cash levels or significant changes in government stakeholding (see A6.8).
- A8.16 A proportion of funds will be held in business reserve and notice accounts to ensure appropriate liquidity is maintained for normal cash flow purposes and strategy transactions (eg repayment of borrowing at short notice if PWLB rates move to a favourable position).
- A8.17 The Fund Manager's strategy and performance will be subject to continuous monitoring and the CFO will vary the size of the holding in line with the aims of the overall strategy.

A9 Policy on the use of external advisors

- A9.1 The Council currently appoints Capita Asset Services – Treasury Solutions (brand name changed from Sector Treasury Services in 2013) as its external treasury management advisor. The agreement is currently reviewed on an annual basis.
- A9.2 The Council recognises the value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Chief Finance Officer will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
- A9.3 The Council acknowledges that the responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon the external advisors.

A10 Reporting Arrangements and Management Evaluation

A10.1 Members will receive the following reports for 2015/16 as standard in line with the requirements of the Code of Practice:

- Annual Treasury Management Strategy report (this report)
- Mid-Year Treasury Review report (distributed to Audit Committee and available to all members on the Finance intranet site)
- Annual Treasury Outturn report

A10.2 The CFO will inform the Mayor/Executive Lead for Finance of any long-term borrowing/repayment undertaken or any significant events that may affect the Council's treasury management activities. The CFO will maintain a list of staff authorised to undertake treasury management transactions on behalf of the Council.

A10.3 The Chief Finance Officer is authorised to approve any movement between borrowing and other long-term liabilities within the Authorised Limit. Any such change will be reported to the next meeting of the Council.

A10.4 The impact of these policies will be reflected as part of the Council's revenue budget and therefore will be reported through the quarterly budget monitoring process.

A10.5 The Council's management and evaluation arrangements for Treasury Management will be as follows:

- Monthly monitoring report to the Chief Finance Officer, Executive Lead for Finance, relevant Director and Group Leaders
- Monthly meeting of the Treasury Manager/Chief Accountant to review previous months performance and plan following months activities
- Regular meetings with the Council's treasury advisors
- Annual meetings with the Council's appointed Fund Managers
- Membership and participation in the Capita Benchmarking Clubs
- The Audit Committee is the body responsible for scrutiny of Treasury Management.

A11 Other Matters

A11.1 **Loans to organisations.** The Council has provided loans or loan facilities to the following organisations. These are policy decisions and not part of the treasury management strategy except for identifying any impact on cash balances:

Organisation	Value of loan at 01/04/14	Full Term of Loan	Rate
PLUSS	£139,000	15 years	Linked to PWLB rate
Torbay Economic Development Company*	£575,000	25 years	Linked to Council borrowing Rate
Torbay Economic Development Company*	£1,200,000	25 years	Linked to Council borrowing Rate
Academy Schools	£318,000	3 to 7 years	Linked to Council borrowing Rate
Car Loans - staff	£4,000	Repayment expected within 1 year. No new loans issued	Linked to Bank Base Rate
Babbacombe Cliff Railway	£16,000	10 years	Linked to Council Borrowing Rate
Housing Loans	£5,000	No new loans issued. Term linked to individual mortgages	Linked to market mortgage rates
Sports Clubs	£30,000	20 years	Linked to Council Borrowing Rate
New Loans in 2014/15	Loan Value	Term	Rate
Sports Clubs	£8,000	10 years	Linked to Council Borrowing Rate
Suttons Seeds Ltd **	£1,500,000**	3 years	Market rate

*Not drawn down as at 31st December 2014

**Balance of £800,000 not drawn down as at 31st December 2014

- A11.2 **Advancing cash.** If approved the Council will advance cash to Torbay Council schools at a rate equivalent to that of the forecast investment yield (to reflect the lost investment opportunity), with the option of an additional 0.25% risk premium. The service will have to identify the funding for this advance from revenue or reserves in the year of the advance.
- A11.3 **Investing cash for Local Payment Scheme (LPS) Schools.** If agreed by the Chief Finance Officer the Council will invest LPS school surplus balances on a temporary basis and endeavour to match Bank Rate on these investments on a variable basis. This will be for cash on a longer-term basis and will not apply to daily cash flow balances.
- A11.4 **Soft Loans.** New Financial Instruments require the recognition of soft loans i.e. where a loan is made at a lower than 'competitive' rate the cost implicit in achieving the lower rate must be reflected in the Council's accounts.
- A11.5 **Anti-Money Laundering.** The Council will comply with all relevant regulations.
- A11.6 **Intranet.** The Council's treasury management procedures and other relevant documents can be accessed on the Council's intranet site within the financial services pages.

Prudential & Treasury Management Indicators 2014/15 – 2017/18

Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans (per the Capital Investment Plan Q2 2014/15 report).

Capital expenditure £M	2013/14 <i>Actual</i>	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Total	17.3	30.3	18.1	12.4	8.8	0

Capital Financing Requirement (CFR)

The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need based on historic expenditure. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely. The minimum revenue provision (MRP) (see section A3) broadly reduces the borrowing need in line with each asset's life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £10M of such schemes within the CFR which could rise in 2014/15 if the Council's 17% share of the Energy from Waste liability is accounted for as an "on balance sheet" PFI scheme.

£m	2013/14 Actual	2014/15 Revised Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2017/18 Estimate
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Capital Financing Requirement

Total CFR	135	177	178	175	173	TBC
Movement in CFR	(1)	42	1	(3)	(2)	TBC

Movement in CFR represented by

Net financing need for the year - capital	4	47*	7	3	1	TBC
Less MRP/VRP and other financing movements	(5)	(5)	(6)	(6)	(6)	TBC
Movement in CFR	(1)	42	1	(3)	(5)	TBC

*Includes 17% share of costs relating to the Energy from Waste facility in Plymouth

An element of temporary borrowing is included in the above CFR. Capital resources to this amount are expected and once confirmed will therefore reduce the CFR.

Gross Borrowing & Long term Liabilities and the Capital Financing Requirement

In order to ensure that borrowing will only be for a capital purpose, the Council should ensure that gross external borrowing does not, except in the short term, exceed the total CFR.

£m	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt at 31 March						
External Borrowing	138	138	138	138	134	132
Other long-term liabilities (OLTL)	9	42	40	38	36	34
Total Borrowing and Other Long Term Liabilities	147	180	178	176	170	166
The Capital Financing Requirement	135	177	178	175	173	TBC
Excess of LTL>CFR	12	3	0	1	(3)	TBC

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

The ratio rises from 2014/15 onward are due to expected substantial reductions in the Net Revenue Budget requirement measured against fixed costs of borrowing.

%	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
Ratio	8.03	8.65	9.11	9.83	9.91	10.55

Incremental impact of capital investment decisions on council tax.

This indicator identifies the revenue costs associated with capital decisions as part of the next year's budget process. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2015/16	2016/17	2017/18	2018/19
	Estimate	Estimate	Estimate	Estimate
Council tax - band D	0.00	0.00	0.00	0.00

There are no new schemes being presented for approval for 2015/16 and central government has removed supported borrowing. Therefore, there will be no new incremental increases to Council Tax.

However, if temporary borrowing becomes permanent (expected capital receipts and grants are not confirmed) there will then be an incremental impact on the Torbay element of a Band D Council Tax.

Limits on Borrowing and Long-Term Liabilities

The Operational Boundary. This is the limit beyond which external borrowing and long-term liabilities are not normally expected to exceed. In most cases, this would be linked to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	2014/15 Current	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	138	148	149	145	143
Long term liabilities	42	40	38	36	34
Total	180	188	187	181	177

The Authorised Limit for external borrowing and long-term liabilities. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Authorised limit £m	2014/15 Current	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	172	167	172	177	182
Other long term liabilities	42	40	38	36	34
Total	214	207	210	213	216

Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits

Interest rate Exposures				
	2015/16 Upper %	2016/17 Upper %	2017/18 Upper %	2018/19 Upper %
Limits on fixed interest rates:				
• Debt	100	100	100	100
• Investments	80	80	80	80
Limits on variable interest rates:				
• Debt	30	30	30	30
• Investments	75	75	75	75

Maturity Structure of fixed interest rate borrowing 2015/16			
	Lower	Upper	Expected 31/03/2015
Up to 10 years	5%	50%	14%
10 to 20 years	5%	50%	19%
20 to 30 years	10%	60%	26%
30 to 40 years	10%	50%	25%
Over 40 years	0%	50%	17%

Investment Treasury Indicator and Limit

Total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. The limits below allow for the external Fund Manager holding along with 50% of the in-house total to be fixed longer term.

Maximum principal sums invested for over 364 days					
£m	2014/15	2015/16	2016/17	2017/18	2018/19
Principal sums invested > 364 days	45	51	46	37	37

Policy on Minimum Revenue Provision for 2015/16

1. The Minimum Revenue Provision is a statutory charge that the Council is required to make from its revenue budget. This provision enables the Council to generate cash resources for the repayment of borrowing.
2. The calculation of the provision is prescribed by legislation, which states that Councils are required to “determine for the current financial year an amount of MRP that it considers to be prudent” and prepare an annual statement on their MRP calculation to their full Council.
3. One of the aims of this legislation is to ensure that the repayment of principal owed for capital expenditure funded from unsupported borrowing is charged on a prudent basis which closely links to the asset’s life. The provision for all assets, irrespective of asset life, for expenditure funded from supported borrowing and prudential borrowing prior to 2007/08 will continue to be charged at a minimum 4% per annum which is in line with central government’s “support” for these costs within the Council’s formula grant.
4. Torbay Council’s Annual Minimum Revenue Provision Policy Statement states that the calculation of the MRP is as follows which has 2 stages:
 - i) The Council will budget as a minimum for a provision of 4% of its capital financing requirement calculated as at 31st March of the preceding financial year. The capital financing requirement (CFR) is a calculation of a Council’s “need to borrow” which is, in summary, the total of expenditure funded from borrowing less any repayments or similar previously made.

To calculate the 4% provision the Council will use the “regulatory method” as identified in the Department of Communities and Local Government’s (DCLG) Informal Commentary on the legislation.

This calculation allows for the adjustments of the following items:

- Deducting any expenditure and revenue provision made in relation to unsupported borrowing after 2007/08. The charge for unsupported borrowing after 2007/08 is calculated separately as described in paragraph ii below.
- “Adjustment A” which relates to a previous calculation change in 2004
- Adjustment of MRP to ensure no disadvantage results to Councils from the regulations compared to previous MRP regulations
- Adjustment of MRP to ensure no disadvantage results to Councils from the requirements for accounting for Finance Lease and Private Finance Initiative schemes

- ii) For capital expenditure funded from unsupported or prudential borrowing less any repayment to date, the Council will make a provision based on the cumulative expenditure incurred on each asset in the previous financial years using a prudent asset life, which reflects the estimated usable life of that asset.

The Council will use the “asset life method” for the calculation, the MRP for each asset will be calculated using an annuity calculation based on the Council’s estimated pooled borrowing interest rate for the relevant year as detailed in the Treasury Management Strategy for that year. This will be adjusted for:-

- An adjustment to the MRP calculation will be made where there is expenditure in the previous financial year, but the asset is not yet operational. MRP will be calculated on the total expenditure on that asset in the year after the asset becomes operational.

- 5) Where relevant, the suggested asset lives for certain types of capitalised expenditure as detailed in the MRP guidance issued by DCLG will be used.
- 6) The Council will continue to charge services for their use of unsupported borrowing using a prudent asset life (or a shorter period) and an annuity calculation. Where possible the same asset life and borrowing interest rate will be used for both the charge to services and the calculation of the MRP.
- 7) In exceptional circumstances a Service may be allowed to extend the repayment period beyond the prudent asset life but this may be limited to the interest element. The increased revenue cost over the longer term will be a Service issue.
- 8) Where assets prior to 2007/08 have been purchased by unsupported borrowing (before the current legislation applied) and a MRP at 4% is provided for, the Council will aim, over the long term, to balance the annual costs of the MRP on these assets with the repayments made by services. This may result in a Voluntary Revenue Provision (VRP) or reserve transfer being made.
- 9) The Council will not change its existing “Adjustment A” calculation.
- 10) To mitigate any negative impact from the changes in accounting for leases and PFI schemes the Council will include in the annual MRP charge an amount equal to the amount that has been taken to the balance sheet to reduce the balance sheet liability for a PFI scheme or a finance lease. The calculation will be based on the annuity method using the Internal Rate of Return (IRR) implicit in the PFI or lease agreement.
- 11) In relation to borrowing transferred to the Council from Devon County Council for the Council’s share of the Devon County Council debt for local government reorganisation, the Council will budget to make a VRP over 40 years to ensure cash resources for the repayment of the debt is available on maturity.

12) Loans

Where loans are given for capital purposes they come within the scope of the prudential controls established by the Local Government Act 2003. Regulation 25(1) (b) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146).

If a loan agreement does not include contractual commitments that the funds be put towards capital expenditure no MRP will be made, if however capital contract commitments are included then an MRP will be made on a prudent basis using Option 3 (annuity Basis) linked to the life of the asset being funded.

The Capital Financing Requirement (CFR) will increase by the amount of the loan. Once the funds are returned to the local authority, the returned funds are classed as a capital receipt with those receipts being earmarked specifically to that loan, and the CFR and loan will reduce accordingly. As this is a temporary arrangement and the expectation is that funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The position will be reviewed on an annual basis.

Interest Rate Forecasts 2014 – 2018 (as at December 2014)

Capita Asset Services Interest Rate View													
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.10%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	2.10%
6 Month LIBID	0.70%	0.70%	0.80%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.30%
12 Month LIBID	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.60%
5yr PW IB Rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yr PW IB Rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yr PW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	-	-	-	-	-
5yr PW IB Rate													
Capita Asset Services	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
Capital Economics	2.20%	2.50%	2.70%	3.00%	3.10%	3.20%	3.30%	3.40%	-	-	-	-	-
10yr PW IB Rate													
Capita Asset Services	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
Capital Economics	2.80%	3.05%	3.30%	3.55%	3.60%	3.65%	3.70%	3.80%	-	-	-	-	-
25yr PW IB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.25%	3.45%	3.65%	3.85%	3.95%	4.05%	4.15%	4.25%	-	-	-	-	-
50yr PW IB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.30%	3.50%	3.70%	3.90%	4.00%	4.10%	4.20%	4.30%	-	-	-	-	-
Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012													

Economic Background (provided by Capita Asset Services on 7th January 2015)

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established.

One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015.

However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The **US**, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- **Greece:** the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;
- As for the **Eurozone** in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty

risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;

- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

Creditworthiness Policy

1. This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings are supplemented by with the following overlays:
 - Credit watches and credit outlooks from the credit rating agencies
 - Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
 - Sovereign ratings to select counterparties from only the most creditworthy countries
2. This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of Credit Default Swap (CDS) spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. The Chief Finance Officer applies and reviews suitable financial and durational limits to each of these bands.
3. A specific creditworthiness colour band has been created for UK part-nationalised Banks which is based upon the implicit sovereign government guarantee in these institutions in place of their individual credit ratings.
4. Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.
5. The Capita creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.
6. Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
7. All credit ratings will be monitored on a weekly basis. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service and the CFO will vary the approved lending list as appropriate to these changes.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

8. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+. The list of countries that qualify using this credit criteria as at the date of this report (based on the lowest available rating) are shown below and this list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

AAA		AA+
Australia	Norway	Finland
Canada	Singapore	Hong Kong
Denmark	Sweden	Netherlands
Germany	Switzerland	United Kingdom
Luxembourg		USA

9. Sole reliance will not be placed on the use of this external service. In addition the CFO will also use market data and market information, information on government support for banks and the credit ratings of that government support.
10. The Council uses an external fund manager to manage a proportion of the investment portfolio available to offset the borrowing requirement. The use of an external fund manager allows the Council to spread its treasury risk in relation to type of investment, investment counterparties and manager opinion.
11. The external fund manager will comply with the Annual Investment Strategy. The agreement between the Council and the fund manager additionally stipulates guidelines and duration and other limits in order to contain and control risk.
12. The fund manager mandate allows for additional amounts to be placed and the CFO will exercise this option if this is deemed to be in the best interests of the Council up to a limit of 50% of the total portfolio. As Council's cash investment reduce it is likely the Fund Manager holding will be correspondingly decreased. The Council retains the right to withdraw all or part of the fund at seven days notice.

Specified and Non-Specified Investments

Investments types recorded in bold type are the instruments most commonly used by the in-house team.

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

	Minimum ‘High’ Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities and other public sector bodies	--	In-house
Term deposits – banks and building societies	Creditworthiness system colour band “Green”	In-house and Fund Manager
UK nationalised/part- nationalised banks	--	In-house and Fund Manager
Banks part-nationalised by high credit rated (sovereign rating) countries – non UK	Sovereign rating AA+	In-house and Fund Manager
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds 2. Money Market Funds	AAA	In-house and Fund Manager

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The maturity limits recommended will not be exceeded. Under the delegated powers the Chief Finance Officer can set limits that are lower based on the latest economic conditions and credit ratings.

Investment Type	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period *
UK nationalised/part-nationalised banks (maturities over one year)	Sovereign rating AA+	In-house and Fund Manager	50%	3 years
Term deposits (over one year) – local authorities and other public sector bodies	--	In-house	50%	5 years
Term deposits (over one year) – banks and building societies	Creditworthiness system colour band “Purple”	In-house and Fund Manager	75%	2 years
Collateralised deposit	See note 1	In-house	20%	5 years
Certificates of deposits issued by banks and building societies (maturities under one year)	Creditworthiness system colour band “Green”	In-house and Fund Manager	50%	1 year
Certificates of deposits issued by banks and building societies (maturities over one year)	Creditworthiness system colour band “Purple”	In-house and Fund Manager	50%	1 year
UK Government Gilts/Treasury Bills	Sovereign rating AA+	In-house and Fund	100%	5 years

Investment Type	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period *
		Manager		
Bonds issued by multilateral development banks	AA+	In-house and Fund Manager	50%	5 years
Sovereign bond issues (other than the UK govt)	Sovereign rating AA+	In-house and Fund Manager	50%	5 years
Structured Deposits	Creditworthiness system colour band “Orange” <1 year “Purple” >1 year	In-House	25%	2 years
Commercial paper issuance by UK banks covered by UK Government guarantee	Sovereign rating AA+	Fund Manager	35%	5 years
Commercial paper other	Creditworthiness system colour band “Red”	Fund Manager	35%	5 years
Floating Rate Notes	Long-term AA	In-house and Fund Manager	35%	5 years
Property Fund: <i>the use of these investments would normally constitute capital expenditure</i>	--	In-house and Fund Manager	35%	5 years
Property Fund: <i>not classified as capital expenditure</i>		In-house	20% to a maximum of £10million	5 years
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs):- 1.Bond Funds 2.Gilt Funds	AAA	Fund Manager	35%	5 years

Investment Type	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period *
Corporate Bonds	AA	In-house and Fund Manager	35%	5 years
Other debt issuance by UK Banks covered by UK Government guarantee	Sovereign rating AA+	In-house and Fund Manager	35%	5 years

*Of which in any class of investment:

- 10% maximum 3 years (or over)
- 25% maximum 2 to 3 years

Notes

1. As collateralised deposits are backed by collateral of AAA rated local authority LOBOs, this investment instrument is regarded as being a AAA rated investment as it is equivalent to lending to a local authority.

2015/16 Revenue Budget Build

See comments		1				2	3	4				5	
Business Unit	2014-15 Restated	Transfer between Business Units (April 2015)	Agreed Savings	Other Changes inc. funding 2015/16	Inflation	Investment in Children's Services	S256 & Care Act Funding	Approved Recommendations to Council			2015-16 Approved Budget	Further Transfers between Business Units (April 2015)	2015/16 Budget Digest
								Adult Social Care	Road Safety	Social Care Contingency			
Residents & Visitors Services	7,602	3,197	(1,442)	(25)	222	0	0	0	0	0	9,554	302	9,856
Spatial Planning	5,227	0	(299)	8	103	0	0	0	0	0	5,039	(56)	4,983
Economic Development Co.	3,763	0	(688)	32	52	0	0	0	0	0	3,159	0	3,159
Tor Bay Harbour Authority	27	(3,489)	(346)	303	11	0	0	0	0	0	(3,494)	(51)	(3,545)
Waste and Cleaning	11,499	0	(1,050)	(191)	376	0	0	0	0	0	10,634	(80)	10,554
Adult Social Care	43,612	0	(6,141)	100	770	0	(1,859)	1,566	0	0	38,048	0	38,048
Children's Services	25,372	0	(888)	(30)	269	4,300	0	0	0	0	29,023	0	29,023
Public Health Commissioning *	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Safety	2,282	292	(501)	214	36	0	0	0	20	0	2,343	(115)	2,228
Commercial Services	4,513	0	(648)	370	72	0	0	0	0	0	4,307	0	4,307
Finance & Corporate inc Contingency	8,586	0	(426)	2,640	73	(4,300)	1,859	(1,566)	0	1,641	8,507	0	8,507
Information Services	3,273	0	(394)	(6)	49	0	0	0	0	0	2,922	0	2,922
TOTAL	115,756	0	(12,823)	3,415	2,033	0	0	0	20	1,641	110,042	0	110,042

Note: All figures £000's

Comments:

1. This column reflects transfers of service area between Business Units which will take place as of 1 April 2015. The main changes are:

- Car Parks being moved from Residents and Visitor Services to Tor Bay Harbour Authority
- CCTV and Road Safety being moved from Residents and Visitor Services to Community Safety

In transferring the Car Parks service area, the net income (£3.489 million) from car parks is now shown within Tor Bay Harbour Authority and therefore Residents and Visitor Services' expenditure is no longer offset by this net income.

2. This column reflects the agreed investment in Children's Services: £2 million previously held as contingency within Financial Services now moved to the base budget and £2.3 million to be funded from reserves as part of the Children's Services Five Year Funding Strategy.

3. This column reflects the transfer of the Section 256 monies to the Better Care Fund together with the additional funding to meet the requirements of the Care Act.

4. These columns reflect the recommendations within the Revenue Budget Proposals report to Council:

- Recommendation 2.1 (iii) – Deferral of £1.566 million of savings within Adult Social Care
- Recommendation 2.1 (ii) – Creation of a contingency of £1.4 million to mitigate against any unforeseen or emerging budget issues within Social Care
- Recommendation 2.1 (xviii) amended – Allocation of additional £0.261 million Revenue Support Grant to the Social Care contingency (£0.241 million) and reinstatement of Road Safety reduction (£0.020 million)

5 This column reflects further transfers of service area between Business Units which will take place as of 1 April 2015. The main changes are:

- Transfer of Road Safety back to Residents and Visitors and other minor budget changes
- CCTV and Road Safety being moved from Residents and Visitor Services to Community Safety

* Public Health Commissioning receives a ring-fence grant of £7.4 million

Business Unit Summary – Revenue Budget 2015/16

Business Unit	Total Expenditure	Total Income	Net Expenditure
	£000	£000	£000
Residents and Visitors Services	12,641	(2,785)	9,856
Spatial Planning	7,172	(2,189)	4,983
Torbay Development Agency	5,127	(1,968)	3,159
Tor Bay Harbour Authority	6,375	(9,920)	(3,545)
Waste and Cleaning	11,949	(1,395)	10,554
Adult Social Care	39,123	(1,075)	38,048
Children's Services	83,429	(54,406)	29,023
Public Health	8,105	(8,105)	0
Community Safety	4,288	(2,060)	2,228
Commercial & Business Services	6,179	(1,872)	4,307
Financial Services	89,618	(81,111)	8,507
Information Services	4,228	(1,306)	2,922
Sources of Funding	223	(110,265)	(110,042)
Total	278,457	(278,457)	0

Residents & Visitors Services

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
550	Arts Development	0	32	-10	22
571	Chairman of the Council	0	21	0	21
352	Engineering - Land Drainage	0	50	0	50
353	Engineering Services	10	499	-415	84
551	Events	1.3	148	-98	50
556	Highways - Cyclical Maintenance	8	1,231	-25	1,206
553	Highways - Network Co-ordination	11.5	518	-220	298
555	Highways - Rechargeable Works	0	72	-211	-139
557	Highways - Roads	0	1,436	-171	1,265
579	Highways - Structures	0	64	0	64
581	Highways - Winter Maintenance	0	141	0	141
558	Library Services - Operational & Mng't	32	1,061	-74	987
559	Library Services - Resources Fund	0	104	0	104
560	Museum Services - inc Torre Abbey	6.19	528	-247	281

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
577	Music Hub	1.5	142	-142	0
554	Place - Project fund	0	20	0	20
562	Public Toilets	0	909	-20	889
563	Recreation and Landscape	10.5	2,107	-422	1,685
561	Road Safety & School Crossing Patrols	6	135	-21	114
564	RVS - Management & Admin Support	11.8	545	0	545
568	Seafront Illuminations	0	106	0	106
565	Sport	4.6	731	-322	409
576	Street Lighting	2	1,145	0	1,145
566	Theatres & Public Entertainment	4	302	-232	70
580	Torbay Coast and Countryside Trust	0	183	0	183
569	Tourism Marketing	0	350	-100	250
570	Transport Co-Ordination	1.5	61	-55	6
Total		110.89	12,641	-2,785	9,856

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Residents And Visitor Services

Executive Head: Sue Cheriton

Executive Lead: Cllr Derek Mills, Cllr Nicole Amil, Cllr Robert Excell

Engineering Services

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Key Functions include: <ul style="list-style-type: none">Land drainage and flood preventionUrban designStructural designCliffs and defensesDevelopment control supportBuilding control supportSpecialist ServicesCivil Engineering design and consultancy for revenue and capital schemes. This involves both internal and external clientsManagement of the Council's coastal and inland cliffs, sea defences and abandoned landfill sites	<p>Torbay Council has a statutory responsibility for preparing and putting in place strategies for managing flood risk from groundwater, surface water and ordinary watercourses.</p> <p>The Engineering Services department also support a wide range of projects across the bay – for example:</p> <ul style="list-style-type: none">Produce Local Flood Risk Management Strategy (in line with national guidance)Torquay Flood Study complete including flood alleviation scheme for town centre	Residents, businesses and visitors to Torbay that use facilities that are provided by the Engineering Services department.	353 & 352

Public Toilets

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Management and maintenance of summer, seasonal and permanent public toilets.	For use by members of the public.	Members of the public, including residents and visitors to Torbay	562

Recreation and Landscape

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none">Parks Management, development and grounds maintenance including vergesArboriculture/woodland managementBay bloomsChildren's play areaAllotmentsDog BinsPark Warden Service	Torbay Council has a statutory responsibility to take reasonable steps to ensure that premises (including woodland, parks, beaches and car parks) are reasonably safe for visitors permitted to be there.	Residents, visitors and local businesses within Torbay	563

Highways

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> • Management and maintenance of the highway, street lighting and public rights of way • Control of the movement and parking of vehicles • Development and implementation of transport policies and schemes in support of the Local Transport Plan • Control of the engineering and transport implications of developer proposals • Street Cleansing • Carriageway and Footway Repairs and Resurfacing • Traffic Light Network, • Street Lighting/Illuminations • Contract management • Highway adoptions • Street naming and numbering • Safety inspections • Highway enforcement • Street works co-ordination & inspections • Winter maintenance 	<p>The Council has a number of statutory responsibilities relating to highways management e.g.:</p> <ul style="list-style-type: none"> • Highways Act 1980 • Countryside and Rights of Way Act 2000 • Road Traffic Regulation Act 1984 • New Roads and Street Works Act 1991 <p>Please see the Residents and visitor services service review document for more details.</p>	<ul style="list-style-type: none"> • Maintaining 550km of Highways • Gritting 220kms of roads during the winter weather with between 350-400 tonnes of grit being used each year • Filling 3,600 potholes per year • Maintaining 15,000 streetlights and manage/maintain 87 signalled crossings and junctions • Maintenance of 12,500 lamps that make up Torbay's illuminations <p>All residents, businesses and visitors to Torbay use facilities that are provided by the highways department.</p>	<p>556,553, 555, 557, 579,581, 561, 568 &576</p>

Transport Co-ordination (Subsidised Transport)

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>Torbay Council currently Subsidises 4 bus routes/extended hours services:</p> <ul style="list-style-type: none"> • Route 11 Two additional early morning journeys from The Strand Torquay to Teignmouth Triangle • Route 17/17A Four evening return journeys from Bank Lane Brixham to Halfway House and Copythorne Road. • Route 22/22E two early mornings and five evening return journeys between Brixham Bank Lane and Kingswear, jointly subsidised with Devon County Council. • Route 25 One third of the journey for St Michaels and Roundham areas and Eight return journeys between Paignton and Stoke Gabriel (this route is jointly subsidised with Devon County Council) <p>Torbay Council also provides a fare car scheme that provides subsidised taxi services for the elderly and disabled.</p>	<p>As per the Transport Act 1985: It is the duty of the County Council (Unitary Authority) to secure the provision of such passenger transport services as the council considers appropriate to meet any public transport requirement within the County which would not in its view be met apart from action taken by the Council</p> <p>Once the public transport requirements have been identified, the County Council (Unitary Authority) is entitled to take into consideration the funds available and the source of the funds. However the Council must have regard to the transport needs of the elderly and disabled.</p>	<p>Residents and visitors to Torbay that use the bus routes and the fare car scheme.</p>	<p>570</p>

Arts Development & Events Support

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>Arts Development</p> <ul style="list-style-type: none"> Provides grants to develop the visual and performing arts with a return on investment of £2 for every £1 spent on the service <p>Event Support and Development</p> <ul style="list-style-type: none"> Develops and directly manages the major events programmes – includes Powerboat races, one off festivals, Children’s Festival, Armed Forces Day and commemorative events. Support to community event organisers for example, regattas, carnival and street parties Manages income generation activity, for example fairs, continental markets and commercial use of spaces across the authority owned land 	To co-ordinate, support and develop the cultural sector (including creative industries) in Torbay.	Residents of Torbay, visitors to Torbay and local businesses.	550, 577 & 551

Museums (Including Torre Abbey and Archives)

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>There are 3 museums within Torbay:</p> <ul style="list-style-type: none"> Torquay Museum Brixham Museum Torre Abbey <p>Torre Abbey is directly managed and funded by Torbay Council and provides grants to Torquay Museum & Brixham Museum.</p> <p>A joint arrangement is also in place with Devon County Council for provision of an archives service at the Devon records office.</p>	The museums are provided as part of Torbay’s cultural offering for residents and visitors.	<p>Residents and visitors to Torbay:</p> <ul style="list-style-type: none"> Number of visitors to Brixham Museum (2011/12) – 13,453 Number of pupils visiting in groups – Brixham Museum (2011/12) – 616 Number of visitors to Torquay Museum (2010/11) - 25,857 	560

Theatres and Public Entertainment

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Torbay Council directly owns and manages the Palace Theatre in Paignton. The Princess and Babbacombe Theatres are owned by the Council but are leased out to management companies.	The theatres are provided as part of Torbay's cultural offering for residents and visitors.	Residents and visitors to Torbay: <ul style="list-style-type: none"> • 230 performances were presented at Palace Theatre • 142,000 tickets purchase at theatres supported and/or managed by Torbay Council • 150 young people attended the Acting Factory weekly workshop classes 	566

Sports Development

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> • Deliver a programme of sports activities across the Bay including Sports Personality Awards, Devon Youth Games • Development of sport and sports pitches, bowling greens and tennis Courts • Management of Torbay Leisure Centre contract • Sports pitch bookings • Facilitate grants to sports clubs • Client & Community liaison relating to sports activities • Development and delivery of sports related health and wellbeing programmes 	Sports development is provided to deliver sports activities and facilities across the bay for residents, visitors and children.	<ul style="list-style-type: none"> • 300 clubs • 250 Taster/Coaching sessions were provided • 183 young people took part in Devon Games to Inspire from Torbay • 38 Volunteers trained and managed the Torbay Teams at the Devon Games to Inspire • 28 individuals, 8 teams and 4 clubs were awarded with Torbay Sports Awards in Torbay • 34 Torbay Nominations have been forwarded to the Devon Sports Awards • £30,000 additional grant funding was secured to deliver a programme of sports activities to 14-25yr olds 	565

Management, Support, Contract Management & Chairman's Budget

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> Divisional Management and support including all group management staff across Residents and Visitors services Financial management of division and administration support to Residents and Visitors Service areas TOR2 employee costs Contract Management 	<p>To provide management and administration support to the whole of the Residents and Visitors department</p> <p>To manage contracts on behalf of the Council including TOR2, English Riviera Tourism Company, Torbay Coast and Countryside Trust</p>	<p>Internal and external customers i.e. Councillors, Directors, members of the public, Council staff inside and outside of Residents and Visitor Services, external contractors i.e. TOR2.</p>	571, 554, 564, 580, 569

Libraries (Including Library Resources Fund)

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The library service currently provides the following:</p> <ul style="list-style-type: none"> 4 branch libraries Lending services (Books and audio-visual materials) Reference, information and local studies Young people's services ICT learning centres Events and festivals including Agatha Christie Management of the resources fund – which pays for the acquisition of books and other materials for adults and children 	<p>The Council has a statutory responsibility to “provide an efficient and comprehensive Library Service” (1964 Public Libraries and Museums Act)</p>	<ul style="list-style-type: none"> Members of the public including local residents & visitors Friends of Library Groups Professional bodies (Chartered Institute of Library and Information Professionals/Society of Chief Librarians) 	558 & 559

Service Title: **Engineering Services & Land Drainage**

Manager: **Dave Stewart**

Business Unit: **Residents & Visitors Services**

Brief Description of Service:

Executive Head: **Sue Cheriton**

Engineering design and consultancy for revenue and capital programme

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
352 Engineering - Land Drainage	0	0	50	0	0	0	50	0	0	0	0	0	50
353 Engineering Services	10	453	0	46	0	0	499	-415	0	0	0	-415	84
TOTAL	10	453	50	46	0	0	549	-415	0	0	0	-415	134

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Recreation, Landscapes and Public Toilets**

Manager: Neil Coish

Business Unit: Residents & Visitors Services

Executive Head: Sue Cheriton

Brief Description of Service:

Parks Management, Development and Grounds Maintenance including Verges
Arboriculture/ woodland Management
Bay Blooms and Allotments
Children's Play Areas
Dog Bins
Public Toilets

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
562 Public Toilets	0	0	251	658	0	0	909	-20	0	0	0	-20	889
563 Recreation and Landscape	10.5	292	976	839	0	0	2,107	-372	0	-50	0	-422	1,685
TOTAL	10.5	292	1,227	1,497	0	0	3,016	-392	0	-50	0	-442	2,574

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Highways**

Manager: Patrick Carney

Business Unit: Residents & Visitors Services

Executive Head: Sue Cheriton

Brief Description of Service:

Statutory duty in discharging the Council's Highway Authority functions in managing and maintaining the highway network, street lighting and public rights of way.
 Control of the movement and parking of vehicles.
 Development and implementation of transport policies and schemes in support of the Local Transport Plan.
 Control of the engineering and transport implications of developer proposals.
 Improving road safety. Includes 27 school crossing patrols equivalent to 4 FTE's.

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Section 38 Income £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
556 Highways - Cyclical Maintenance	8	253	78	900	0	0	1,231	0	-25	0	0	-25	1,206
553 Highways - Network Co-ordination	11.5	409	0	109	0	0	518	-220	0	0	0	-220	298
555 Highways - Rechargeable Works	0	0	72	0	0	0	72	-116	0	0	-95	-211	-139
557 Highways - Roads	0	0	112	1,324	0	0	1,436	-171	0	0	0	-171	1,265
579 Highways - Structures	0	0	9	55	0	0	64	0	0	0	0	0	64

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £`000	Premises £`000	Supplies & Services £`000	Contribut'n to Reserves £`000	Other £`000	Total Expenditure (*ATL) £`000	Fees, Charges & Sales £`000	Govern't Grant Income £`000	Contribut'n from Reserves £`000	Section 38 Income £`000	Total Income (*ATL) £`000	Net Expenditure (*ATL) £`000
581 Highways - Winter Maintenance	0	0	0	141	0	0	141	0	0	0	0	0	141
561 Road Safety & School Crossing Patrols	6	114	0	21	0	0	135	-21	0	0	0	-21	114
568 Seafront Illuminations	0	0	62	44	0	0	106	0	0	0	0	0	106
576 Street Lighting	2	64	570	511	0	0	1,145	0	0	0	0	0	1,145
TOTAL	27.5	840	903	3,105	0	0	4,848	-528	-25	0	-95	-648	4,200

Not for publication
 *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services
 **FTE = Full Time Equivalent

Service Title: **Culture and Sport**

Manager: Richard Brown

Business Unit: Residents & Visitors Services

Executive Head: Sue Cheriton

Brief Description of Service:

This service coordinates, supports and develops the cultural sector in Torbay. Work carried out by this department makes an economic impact on the council area including cultural tourism. The department works in an enabling and partnership role with cultural and arts groups, individuals and outside agencies including national bodies. The Music Hub has also moved across from Children's services. This is fully funded by the Arts Council. The Sport section includes the Development of Sport and physical activity, Sports Pitches, Bowling Greens & Tennis Courts. It also includes the Management of the Torbay Leisure Centre contract and the Velopark. Transport Co-ordination manages subsidised public transport.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Torbay Leisure Centre	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
55 Arts Development	0	21	0	11	0	0	32	-10	0	0	0	-10	22
551 Events	1.3	65	3	80	0	0	148	-98	0	0	0	-98	50
577 Music Hub	1.5	55	0	87	0	0	142	-142	0	0	0	-142	0
565 Sport	4.6	155	160	177	2	237	731	-282	0	-40	0	-322	409
570 Transport Co-Ordination	1.5	43	0	18	0	0	61	-23	-24	-8	0	-55	6

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Torbay Leisure Centre	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000
TOTAL	8.9	339	163	373	2	237	1,114	-555	-24	-48	0	-627	487

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Museums & Theatres**

Manager: Alan Davies

Business Unit: Residents & Visitors Services

Executive Head: Sue Cheriton

Brief Description of Service:

Torre Abbey is directly managed and funded by Torbay Council, the dedicated museums services revenue budgets also provide annual grant support to Torquay Museum, Brixham Museum and the Archives Service at the Devon Records Office currently Managed by the Devon & Somerset Heritage Trust. Theatres include the costs associated with the direct management of the Palace Theatre in Paignton. Contractual payments associated with the management agreements for Babbacombe and Princess Theatres are also included here. These theatres cater for the tourist trade and residents alike on a year round basis. The Palace Theatre operates and manages the Council's youth theatre known as the Acting Factory.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
566 Museum Services - inc Torre Abbey	6.19	178	84	266	0	0	528	-217	0	-30	0	-247	281
566 Theatres & Public Entertainment	4	124	42	136	0	0	302	-232	0	0	0	-232	70
TOTAL	10.2	302	126	402	0	0	830	-449	0	-30	0	-479	351

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **RVS Management, Support and Commissioning**

Manager: Sue Cheriton

Business Unit: Residents & Visitors Services

Executive Head: Sue Cheriton

Brief Description of Service:

Divisional management & support including all group management staff across Residents and Visitor Services.
Administration support to Residents and Visitor Service areas including Civic Functions.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
571 Chairman of the Council	0	5	0	16	0	0	21	0	0	0	0	0	21
554 Place - Project fund	0	0	0	20	0	0	20	0	0	0	0	0	20
564 RVS - Management & Admin Support	11.8	417	0	128	0	0	545	0	0	0	0	0	545
580 Torbay Coast and Countryside Trust	0	0	0	183	0	0	183	0	0	0	0	0	183
569 Tourism Marketing	0	0	0	350	0	0	350	0	0	-100	0	-100	250

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000
TOTAL	11.8	422	0	697	0	0	1,119	0	0	-100	0	-100	1,019

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Library Services**

Manager: Nick Niles

Business Unit: Residents & Visitors Services

Executive Head: Sue Cheriton

Brief Description of Service:

The library service provides a wide range of services and resources to support local people in their work, study and leisure pursuits, including:
 4 branch libraries
 Lending Services - books and audio-visual materials
 Reference, information and local studies.
 Young people's services & Inclusion Services for disadvantaged people.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
558 Library Services - Operational & Mng't	32	836	44	181	0	0	1,061	-74	0	0	0	-74	987
559 Library Services - Resources Fund	0	0	0	104	0	0	104	0	0	0	0	0	104
TOTAL	32	836	44	285	0	0	1,165	-74	0	0	0	-74	1,091

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Spatial Planning

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
650	Building Control	9.6	347	-324	23
651	Concessionary Fares	0	4,418	0	4,418
653	Development & Conservation Planning Services	22.2	730	-799	-69
652	Environmental Policy	15.7	1,677	-1,066	611
Total		47.5	7,172	-2,189	4,983

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Spatial Planning

Director:

Charles Uzzell

Executive Lead:

Cllr David Thomas

Building Control

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Through a variety of legislation the Building Control service administers and enforces a framework of national technical standards covering the design, construction, extension, adaptation and use of all types of buildings frequented by people. These standards also include provisions for: structural stability, fire protection, means of escape in case of fire, drainage, sound insulation, and ventilation.	Building Control is a statutory service, which regulates the built environment. This includes the health, safety, welfare and convenience of persons in and around buildings, the provision of access and facilities for persons with disabilities and the conservation of fuel and energy.	<p>In the last calendar year the service collated and checked 8,986 applications for compliance with Building Regulations.</p> <p>During 2013/14, 625 fee-paying & 8,361 non-fee paying applications were registered and processed. 6,700 site visits were carried out by officers to advise, pre-empt contraventions and satisfactorily complete compliant building projects.</p>	650

Spatial Planning and Implementation

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The receipt, validation, plotting and enforcement of all planning applications, administration of appeals.</p> <p>Production of strategic plans and policies to provide a framework for development proposals and investment e.g. Local Plan, Development Plans.</p> <p>Other work includes: Neighbourhood Planning; Local Development Orders; Community Infrastructure Levy / S106; Sustainability Appraisal and Environmental Assessment; Design Review; Masterplanning; Marine and nature conservation.</p> <p>Also incorporating Customer Service & Planning Support team.</p>	<p>Many strategic frameworks for planning are statutory e.g. Local Plan, National Planning Policy Framework</p> <p>Planning applications are regulated by government targets</p>	<p>700 enquiries on the need for planning permission per year, 800 pre-application enquiries per year (around 60 for major development), 1,400 applications per year (around 35 for major development i.e. one off major developments, not the usual definition of major)</p> <p>Torbay has a duty to ensure a rolling 5 year supply of land for new homes. Under the existing Local Plan, Torbay has to provide just under 300 new homes per annum.</p> <p>Key indicators (for the Government's special measures provisions) 100% of Major Planning Applications in this quarter were determined within 13 weeks.</p>	653

Environmental Policy

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Environmental Policy covers the statutory and advisory role of Strategic and Local Planning, Transportation and Environmental Policy/Sustainability. This includes preparation of input into the South West Regional Spatial Strategy & Regional Transport Strategy, the Council's LDF, Local Transport Plan, Transport delivery reports, South Devon Link Road, Waste Strategy, Climate Change, Sustainable Energy and other strategic plans and policies plus associated policy implementation and research, monitoring and project management.	This is a non-statutory service which helps the Council meet several statutory obligations including: Production of the Local Transport Plan, Municipal Waste Management Strategy. Reducing greenhouse gas emissions, climate change, recycling targets Obligations in respect of listed buildings and National Planning Policy framework for historic environments	The four key drivers for the service are: <ul style="list-style-type: none"> • the need to ensure Torbay has the essential infrastructure it requires to function • the need to ensure compliance with statutory responsibilities • the need to reduce costs, secure funding and support economic growth • the need to provide professional advice and guidance 	652

Service Title: **Spatial Planning**

Manager: Charles Uzzell

Business Unit: Spatial Planning

Director: Charles Uzzell

Brief Description of Service:

Regulating the construction of the built environment whilst promoting sustainable development and a reduction in carbon emissions, Providing a not for profit Building Control service in competition with private sector approved inspectors, Ensuring the health and safety of persons in and around buildings that become dangerous or are being demolished.Planning applications, appeals, enforcement, tree control, conservation, grants, design, archaeology. Environmental Policy covers the statutory and advisory role of Strategic and Local Planning, Transportation and Environmental Policy/Sustainability. This includes preparation of input into the South West Regional Spatial Strategy & Regional Transport Strategy, the Council's LDF, Local Transport Plan, Transport delivery reports, South Devon Link Road, Waste Strategy, Climate Change, Sustainable Energy and other strategic plans and policies plus associated policy implementation and research, monitoring and project management.

Includes costs of approval of the Local Plan funded from reserves and the 15/16 costs and LSTF grant income for "Smart Travel Torbay".

Service provides:-

No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	LSTF	Local Plan	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
9.6	302	0	45	0	0	347	-324	0	0	0	-324	23
22.2	669	0	61	0	0	730	-754	0	-45	0	-799	-69
15.7	580	0	97	695	305	1,677	-41	-695	-330	0	-1,066	611
47.5	1,551	0	203	695	305	2,754	-1,119	-695	-375	0	-2,189	565

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Concessionary Fares**

Manager: Sally Farley

Business Unit: Spatial Planning

Director: Charles Uzzell

Brief Description of Service:

Payments to operators for the concessionary bus travel scheme.

The scheme is operated on a national programme.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000
65 Concessionary Fares	0	0	0	4,418	0	0	4,418	0	0	0	0	0	4,418
TOTAL	0	0	0	4,418	0	0	4,418	0	0	0	0	0	4,418

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Torbay Development Agency

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
350	Centralised Repair & Maintenance	0	438	0	438
355	Leased Properties	0	344	-769	-425
356	Office Accommodation	0	1,888	-292	1,596
357	Regeneration Initiatives	0	800	-800	0
351	Torbay Development Agency	0	1,550	0	1,550
354	Vantage Point - Innovation Centre	0	107	-107	0
Total		0	5,127	-1,968	3,159

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Torbay Economic Development Company Ltd

Director: Steve Parrock
Executive Lead: Mayor Gordon Oliver

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>Torbay Economic Development Company Limited (TEDC) is a Public Private Partnership which promotes the physical and economic development of Torbay for the benefit of the whole community.</p> <p>The TEDC delivers a range of professional services including:</p> <ul style="list-style-type: none"> • Economic Development • Project Management • Asset and Estates Management • Facilities Management <p>The Company offers a number of fee earning professional services to a variety of clients (in addition to Torbay Council) including property services, asset management and economic development. A large proportion of its professional services fee income is now derived from non Torbay Council sources.</p>	<p>By delivering sympathetic regeneration and creating jobs, the company helps the Council to create opportunities and improve the quality of life for children and adults, thereby helping to improve educational attainment and health, reduce crime and create a safer Bay.</p> <p>The TEDC is committed to achieving value for money through the efficient delivery of projects within budget and on time, within stringent quality controls, paying particular attention to local employment, environmental and conservation factors.</p> <p>Improving the environment through appropriate levels of infrastructure development and heritage-led regeneration not only opens Torbay for business but improves the tourism offer and the aesthetics of the built environment.</p>	<p>Internal: TEDC is a separate body commissioned by Torbay Council to promote the physical and economic development of Torbay for the benefit of the whole community.</p> <p>External: Local businesses, local schools, South Devon College, Brixham Town Council, Heart of the SW Partnership, Semperian PPP, Riviera International Conference Centre, Peninsula Enterprise and other business support providers, Somerset County Council, Teignbridge, South Hams and West Devon District Councils.</p>	<p>351 & 354</p>

Torbay Economic Development Company Ltd – Client Side Services

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Centralised R&M	Centralised repair & Maintenance - Annual provision to support, on a prioritised basis, the repair and maintenance of the Council's assets. The priorities for this funding is outlined in the annual Asset Management Plan including the Council's Repair and Maintenance Plan.	These services are provided to support Torbay Council.	350
Leased Properties	Leased Properties - Reflects properties held for rental income (investment properties) and other properties managed by the EDC but not linked to a service activity of the Council. Includes Torquay Golf Club, Waterside Caravan park, Victoria Square, Unit 3 Riviera Way. Includes any residual costs of assets that are held pending disposal.		355
Office Accommodation	Office Accommodation - This service reflects the expenditure on the provision of office accommodation for the Council, including all direct running costs and the hiring of Public Rooms. Office accommodation includes Torquay Town Hall, Tor Hill House, Commerce House (1st Floor, part year) and Paignton Library Hub. This heading also includes the expenditure and income associated with carbon reduction schemes part funded from Salix Finance. These budgets are managed on the Council's behalf by the Torbay Development Agency.		356

Regeneration Initiatives	Reflects any expenditure on specific regeneration initiatives such as the growth fund and an estimate of the use of Council reserves earmarked for the Torbay Development Agency.		357
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Service Title: **Torbay Development Agency & Innovation Centres**

Manager: Charles Uzzell

Business Unit: Torbay Development Agency

Executive Head: Steve Parrock

Brief Description of Service:

The TDA was created by Torbay Council in 2011 as a Public Private Partnership to promote the physical and economic development of Torbay for the benefit of the whole community. The Company offers a number of fee earning professional services to a variety of clients (in addition to Torbay Council) including property services, asset management and economic development.

This budget includes the payment by the Council to Torbay Development Agency Limited. The payment includes a £200,000 (plus inflation) contribution to progress regeneration projects and an annual grant of £250,000 (plus inflation) from the (former) Regional Development Agency also for regeneration.

TDA directly manages the Council's innovation centres. Due to the terms of lease, the income and expenditure in respect of the innovation centres at Vantage Point at South Devon College belongs to the Council. The TDA are responsible for any shortfall or surplus on these centres.

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Core Fee £'000	RDA Grant £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
351 Torbay Development Agency	0	0	0	0	1,269	281	1,550	0	0	0	0	0	1,550
354 Vantage Point - Innovation Centre	0	0	24	83	0	0	107	-107	0	0	0	-107	0
TOTAL	0	0	24	83	1,269	281	1,657	-107	0	0	0	-107	1,550

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Asset Management**

Manager: Charles Uzzell.

Business Unit: Torbay Development Agency

Executive Head: Steve Parrock

Brief Description of Service:

Centralised Repair & Maintenance - Annual provision to support, on a prioritised basis, the repair and maintenance of the Council's assets. The priorities for this funding is outlined in the annual Asset Management Plan including the Council's Repair and Maintenance Plan.

Leased Properties - Reflects properties held for rental income (investment properties) and other properties managed by the TDA but not linked to a service activity of the Council. Includes Torquay Golf Club, Waterside Caravan park, Victoria Square, Unit 3 Riviera Way. Includes any residual costs of assets that are held pending disposal.

Office Accommodation - This service reflects the expenditure on the provision of office accommodation for the Council, including all direct running costs and the hiring of Public Rooms. Office accommodation includes Torquay Town Hall, Tor Hill House, Commerce House (1st Floor, part year) and Paignton Library Hub. This heading also includes the expenditure and income associated with carbon reduction schemes part funded from Salix Finance.

These budgets are managed on the Council's behalf by the Torbay Development Agency.

Service provides:-

No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
350 Centralised Repair & Maintenance	0	0	438	0	0	0	438	0	0	0	0	438
355 Leased Properties	0	0	162	182	0	0	344	-769	0	0	-769	-425
356 Office Accommodation	0	37	1,062	724	65	0	1,888	-292	0	0	-292	1,596
TOTAL	0	37	1,662	906	65	0	2,670	-1,061	0	0	-1,061	1,609

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Regeneration Initiatives**

Manager: Charles Uzzell

Business Unit: Torbay Development Agency

Executive Head: Steve Parrock

Brief Description of Service:

Expenditure on specific regeneration initiatives such as paymnets in relation to the growth fund and an estimate of the use of Council reserves earmarked for the Torbay Development Agency.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £`000	Premises £`000	Supplies & Services £`000	Contribut'n to Reserves £`000	Other £`000	Total Expenditure (*ATL) £`000	Fees, Charges & Sales £`000	Govern't Grant Income £`000	Contribut'n from Reserves £`000	Other £`000	Total Income (*ATL) £`000	Net Expenditure (*ATL) £`000
357 Regeneration Initiatives	0	0	0	800	0	0	800	0	0	-800	0	-800	0
TOTAL	0	0	0	800	0	0	800	0	0	-800	0	-800	0

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Tor Bay Harbour Authority

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
801	Beach Services	12	783	-788	-5
802	Car Parking - Enforcement	29.3	830	-1,006	-176
804	Car Parking - Off Street Parking	2	1,487	-3,771	-2,284
803	Car Parking - On Street Parking	0	185	-1,265	-1,080
800	Tor Bay Harbour Authority	20.9	3,090	-3,090	0
Total		64.2	6,375	-9,920	-3,545

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Tor Bay Harbour Authority (including Resort and Parking Services)**Director:**

Charles Uzzell

Executive Head:

Kevin Mowat

Chair of Harbours Committee:

Cllr Nicole Amil

Executive Lead:

Cllr Nicole Amil

Cllr Derek Mills

Cllr Robert Excell

Tor Bay Harbour

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Maintenance of the harbour – both natural and built environment. Management of the harbour estate, including mooring facilities and other marine services. Oversee the safety of navigation and overall harbour safety, through the enforcement of applicable byelaws and appropriate legislation.	There are a range of statutory requirements around the provision of Tor Bay Harbour. Full details are included within the Summary Service Review available at www.torbay.gov.uk/budget	The full range of demand drivers are included within the Summary Service Review available at www.torbay.gov.uk/budget	800

Resort Services

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Resort Management including the provision of the Beach Management Service, Water Quality control and monitoring, provision of Beach Hut Service, Management of Traders and Concessions, Beach Supervision and Safety, Event support.	<p>The revised Bathing Water Directive places a statutory responsibility on designated Bathing Water Controllers to provide up to date accurate public information</p> <p>There is a statutory duty to comply with Occupiers Liability Act 1984, Health and Safety at work Act 1974, First Aid at Work Regulations and Environmental Protection Act 1990</p> <p>Torbay as a holiday destination requires that the standards of the beaches and bathing waters, identified as a primary driver for the majority of visitors, are maintained to the highest of standards.</p>	Businesses and organisations within the coastal zone; Tourists; English Riviera Tourism Company Ltd; Royal National Lifeboat Institution (RNLI); Maritime & Coastguard Agency (MCA); organisations involved in waterborne sports and activities (e.g. sailing clubs, training organisations, Language Schools, Scouts, Sea Cadets, rowing clubs, youth groups etc.); Charitable and religious organisations, including various individuals and groups providing entertainment, Keep Britain Tidy.	801

Parking Services - including enforcement

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> • Management of 6 multi-storey and 39 surface car parks with around 10,000 parking spaces • Management of on street parking bays • Enforcement of parking regulations on and off street, including the provision of the appeals process (approx 30,000 parking penalties processed annually) and development of enforcement patrols • Provision and maintenance of parking equipment for the effective collection of parking fees • Management and administration of parking permits, residents parking schemes and controlled parking zones • Drafting & advertising traffic orders • Supporting the development of the Local Transport Plan • Issuing traffic orders including CPZ Zones, restriction to parking and other highways related closures, and the removal of abandoned vehicles 	<p>Torbay Council's Parking enforcement team is responsible for the enforcement of all parking regulations both in Council operated car parks and on street across Torbay and Torbay enforce Traffic Regulation Orders under the Traffic Management Act 2004 – these are Statutory Functions.</p> <p>Torbay council car parks are used by Torbay residents, visitors and local businesses.</p>	<ul style="list-style-type: none"> • Provision of 38 car parks are managed across Torbay containing 7,580 car parking spaces and 830 spaces on the highway serviced by parking meters • Management and securing of car parks and lifts in multi storey car parks • Cash collection is under taken daily from 79 parking machines and on-street meters • 630,000 pay and display tickets issued for Torbay on-street parking meters • 1.8m pay and display tickets issued for Torbay's car parks 	802, 803 & 804

Service Title: **Tor Bay Harbour Authority**

Manager: Kevin Mowat, Derek Singleton

Business Unit: Tor Bay Harbour Authority

Executive Head: Kevin Mowat

Brief Description of Service:

This service fulfils the Council's obligations as a statutory and competent harbour authority. It aims to maintain the harbour fabric within the available resources in order to protect and enhance, where appropriate, the natural and built environment of the Bay.

It provides mooring facilities and other marine services to the local community and manages the harbour estate efficiently and acts as a responsible landlord.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
801 Beach Services	12	266	140	372	5	0	783	-788	0	0	0	-788	-5
800 Tor Bay Harbour Authority	20.9	622	549	1,919	0	0	3,090	-2,935	0	-155	0	-3,090	0
TOTAL	32.9	888	689	2,291	5	0	3,873	-3,723	0	-155	0	-3,878	-5

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Car Parking**

Manager: **Susie Hayman**

Business Unit: **Tor Bay Harbour Authority**

Executive Head: **Kevin Mowat**

Brief Description of Service:

Provision of 38 car parks are managed across Torbay containing 7,580 car parking spaces and 830 spaces on the highway serviced by parking meters
 Management and securing of car parks and lifts in multi storey car parks
 Cash collection is undertaken daily from 79 parking machines and on-street meters
 630,000 pay and display tickets issued for Torbay on-street parking meters each year.
 1.8m pay and display tickets issued for Torbay's car parks each year.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
802 Car Parking - Enforcement	29.3	571	0	248	11	0	830	-1,006	0	0	0	-1,006	-176
804 Car Parking - Off Street Parking	2	53	879	555	0	0	1,487	-3,771	0	0	0	-3,771	-2,284
803 Car Parking - On Street Parking	0	0	33	152	0	0	185	-1,265	0	0	0	-1,265	-1,080
TOTAL	31.3	624	912	955	11	0	2,502	-6,042	0	0	0	-6,042	-3,540

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Waste and Cleaning

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
572	Cleansing	0	1,806	0	1,806
573	Waste Collection	0	3,925	-44	3,881
574	Waste Disposal	0	6,218	-1,351	4,867
Total		0	11,949	-1,395	10,554

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Waste and Cleaning

Director: Charles Uzzell
Executive Head: Sue Cheriton
Executive Lead: Cllr David Thomas

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>This service is mainly provided through the Council's contract with TOR2 and includes:</p> <ul style="list-style-type: none"> • Street Sweeping and Litter Bin Services • Fly Tipping and Discarded Needle Collection • Domestic Household Refuse Collection Service • Waste minimisation & education • Recycling and food waste collection • Commercial waste collection • Household Waste Recycling Centre and Transfer Station <p>It also includes the transfer of waste from Yalberton Depot, waste disposal and recycling credits.</p>	<p>Several of the services provided by TOR2, particularly in connection with waste collection are required to meet the Councils statutory and regulatory responsibilities.</p>	<p>These services are provided by TOR2 on behalf of Torbay Council.</p>	<p>572 to 574</p>

Service Title: **Waste and Cleaning**

Manager: Sally Farley

Business Unit: Waste and Cleaning

Executive Head: Charles Uzzell

Brief Description of Service:

Cleansing & Waste Collection is mainly provided through the Council's contract with TOR2 and includes:

Street Sweeping and Litter Bin Service, Fly Tipping and Discarded Needle Collection, Domestic Household Refuse Collection Service, Waste minimisation & education, Recycling and food waste collection, Household Waste Recycling Centre and Transfer Station.

Waste Disposal service includes the transfer of waste from Yalberton Depot to the Energy from Waste Plant in Plymouth. The costs of the gate fee for waste tonnage at the Plant are partly offset by PFI Credits.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	PFI Credits £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
572 Cleansing	0	0	0	1,806	0	0	1,806	0	0	0	0	0	1,806
573 Waste Collection	0	11	0	3,914	0	0	3,925	-44	0	0	0	-44	3,881
574 Waste Disposal	0	3	9	6,069	137	0	6,218	-6	-1,208	0	-137	-1,351	4,867
TOTAL	0	14	9	11,789	137	0	11,949	-50	-1,208	0	-137	-1,395	10,554

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Adult Social Care

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
101	Adult Social Care	5	244	0	244
107	ASC - Commisssoning & Delivery	0	2,087	0	2,087
104	ASC - Learning Disability	0	9,730	0	9,730
105	ASC - Mental Health	0	3,127	0	3,127
106	ASC - Other Social Care	0	6,255	0	6,255
103	ASC - Physical & Sensory	0	13,552	0	13,552
108	Care Act Implementation	0	1,107	0	1,107
100	Joint Equipment Store	0	996	-498	498
102	Other Adult Services	7.6	2,025	-577	1,448
Total		12.6	39,123	-1,075	38,048

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Adult Social Care

Director: Caroline Taylor
Executive Lead: Cllr Christine Scouler

Adults and Older People – Residential and Nursing Home Provision

What is provided?	Why is it provided?	What drives demands?				Budget Reference
Provides accommodation, care and support to clients unable to live at home. They may also have chronic/complex needs which prevent them from being cared for safely at home or within another setting.	To proactively support the individual in maintaining and/or developing their activities of daily living skills. To ensure the client, working closely with carers and the zone team maintains links with family and community. To promote the health and welfare of the individual resident receiving the service.	The service is provided to people who can no longer be supported to live at home and/or have chronic and complex needs which prevent them from being care for safely at home or in another setting (858 in total – includes full cost clients and short stay placements).				103-107
		Placement Numbers	Older People	Mental Health (under 65)	Learning Disability	
		Residential Care	591	60	114	
		Nursing Care	91	2	0	
		Total	682	62	114	858

Adults and Older People – Domiciliary and Day Care Services

What is provided?	Why is it provided?	What drives demands?						Budget Reference
Domiciliary care provides tailored support within a client's home to meet their individual needs. The person is visited at various times of the day or, in some cases, care is provided over a full 24-hour period. Day care provides a range of meaningful social activities aimed at sustaining a person's capacity to live independently.	<p>The reasons for the service are reflected in the expected outcomes, including:</p> <ul style="list-style-type: none"> Extended Client choice in the way their care needs are met Clients live more independent and healthy lives A wide range of responsive and accessible personal and non-personal care services are provided, with an emphasis on prevention and enabling independence High quality support for people with long-term needs is provided 		TOTAL	Older People	Mental Health (under 65)	LD	Total	103-107
		Domiciliary Care	824	689	40	95	824	
		Day Care	231	122	2	107	231	
		Direct Payment	380	241	16	123	380	
		Total	1,435	1,052	58	325	1,435	

Learning Disabilities

What is provided?	Why is it provided?	What drives demands?			Budget Reference		
Organisations within Torbay will work together to ensure that people with a learning disability will be able to enjoy the same basic rights as anyone else. People will be housed and supported to find work that is suited to them. They will also be able to enjoy time with friends and family and take part in the culture and community of Torbay.	To support clients to live in their own homes rather than living in residential care. To support clients into employment. To support clients with learning disabilities to play an active role within the community.	Demand		TOTAL	103-107		
		Domiciliary & Day Care & Direct Payments		325			
		Care Homes		114			
		In-House services		90			
		Total		529			
		Ordinary Residence				2012/13	2013/14
		People moving into Torbay		28		6	
		Pending		n/a		4	
		Projected to year end		n/a		2	
		People moving out to other areas		-2		-5	
Balance		+26	+7				

Mental Health Services

What is provided?	Why is it provided?	What drives demands?	Budget Reference								
<p>To support people during acute/severe and enduring mental health problems using appropriate residential, nursing, domiciliary and day care services as well as provide specialist advice to other frontline teams.</p> <p>Mental health services for people under the age of 65 are co-ordinated by Devon Partnership Trust; services for people aged over 65, and suffering with dementia, are co-ordinated by the Trust.</p>	<p>Dementia is one of the biggest challenges facing health and social care at present and has been highlighted as one of the most important areas for focus. In Torbay our age profile means that this is even more an issue than most areas.</p>	<table><tr><td></td><td>No. Care Home Clients</td></tr><tr><td>Community Mental Health Team – under 65</td><td>62</td></tr><tr><td>Older People Mental Health Team</td><td>214</td></tr><tr><td>Total</td><td>276</td></tr></table>		No. Care Home Clients	Community Mental Health Team – under 65	62	Older People Mental Health Team	214	Total	276	103-107
	No. Care Home Clients										
Community Mental Health Team – under 65	62										
Older People Mental Health Team	214										
Total	276										

Support to carers

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>Information, advice and emotional support to carers which also prevents the breakdown of their physical or mental health. Flexible breaks and other support is available which is not dependent on accessing statutory services. The service enables an appropriate response to most needs and an effective referral mechanism for more complex cases.</p>	<p>The Torbay model of carers support combines low cost, direct access for carers to information, advice and support; encouragement of self care/self assessment; improvement in self help networks in the community, together with targeted support. This universal offer enables an appropriate response to most needs and effective referral for the more complex cases. Early identification and targeting 'hidden carers' reduces crisis responses and supports a shared and integrated approach across the health and social care system</p>	<ul style="list-style-type: none"> Torbay Carers Register supported 3570 carers in 2013-14 (524 new carers joined the Register) 4466 carers were supported through their GP surgery in year to 01/04/14 (up from 4303 at 01/04/13) Average of 240 new enquiries per month were made to Signposts Information Service At 01/04/14 182 Young Adult Carers had received support from the service and 293 carers under 25 were known to adult teams 2013-14 target for carers assessments exceeded – target 31%, achieved 35.3% 	103-107

Partnership Commissioned Services

What is provided?	Why is it provided?	What drives demands?	Budget Reference
A range of community services are commissioned particularly for housing related support for Torbay's vulnerable people with a local connection, who need support to remain living independently. Services intervene early to prevent the greater financial and social cost of acute responses to incidents such as, threatened homelessness, poor mental health and domestic abuse.	There is no statutory requirement these services but the programme plays a key role in delivering the Council's statutory duties in relation to homelessness and children, families and young people, crime and disorder and public health.	Client groups include older people, homeless families, people with learning disability and physical/sensory disability, young people and ex-offenders.	102

Community Equipment Service

What is provided?	Why is it provided?	What drives demands?	Budget Reference
The Community Equipment Service is jointly commissioned by Torbay Council and Southern Devon CCG. The service provides complex aids for daily living (including, specialist beds, mattresses, hoists and syringe pumps) and minor adaptations (such as grab rails and ramps). It also provides the administration for the Simple Aids for Daily Living (including, walking frames, shower stools and bath boards) aids service which is provided by a range of local retailers.	The equipment and adaptations provided enable children and adults to remain independent avoiding delayed hospital discharge, admission into residential and nursing care and support end of life care at home.	<p>Demand is driven by the need to safely discharge people from hospital and intermediate care with the equipment adaptations they will need to remain independent as well as ensuring people can remain independent at home following illness or disability. This is new service so there is no historical data available.</p> <p>In April there were 297 clients who received community equipment. In May this increased to 611 clients</p>	100

Service Title: **Adult Social Care**

Manager: **Caroline Taylor**

Business Unit: **Adult Social Care**

Director: **Caroline Taylor**

Brief Description of Service:

Torbay Council currently commissions Torbay and Southern Devon Health and Care NHS Trust (formerly Torbay Care Trust) to co-ordinate the delivery of Adult Social Care in Torbay. The provision of these services is governed by an Annual Strategic Agreement (ASA). The Council is the lead body in the operation of an equipment store for the purchase and distribution of items to support social care. The split over services within Adult Social Care (ASC) is an indicative split based on 14/15 estimates. In addition Section 256 monies have not been included because the method of allocation from the Better Care Fund has not yet been agreed (£3m 14/15). Other Adult Services supports the promotion of the independence of vulnerable people based on the commissioning of housing related support from a range of providers. Heading includes Care Act Implementation costs funded from a specific grant (in finance).

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
103 Adult Social Care	5	244	0	0	0	0	244	0	0	0	0	0	244
107 ASC - Commissioning & Delivery	0	0	0	2,087	0	0	2,087	0	0	0	0	0	2,087
104 ASC - Learning Disability	0	0	0	9,730	0	0	9,730	0	0	0	0	0	9,730
105 ASC - Mental Health	0	0	0	3,127	0	0	3,127	0	0	0	0	0	3,127
106 ASC - Other Social Care	0	0	0	6,255	0	0	6,255	0	0	0	0	0	6,255

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000
103 ASC - Physical & Sensory	0	0	0	13,552	0	0	13,552	0	0	0	0	0	13,552
108 Care Act Implementation	0	0	0	1,107	0	0	1,107	0	0	0	0	0	1,107
100 Joint Equipment Store	0	0	0	996	0	0	996	-498	0	0	0	-498	498
102 Other Adult Services	7.6	525	0	1,500	0	0	2,025	-355	0	-222	0	-577	1,448
TOTAL	12.6	769	0	38,354	0	0	39,123	-853	0	-222	0	-1,075	38,048

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*ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Children's Services

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees.	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
743	Adoption Allowances	0	330	0	330
719	Adoption Service	10.21	823	-40	783
744	Alternative Provision / Vulnerable Children	16.07	976	-33	943
728	Assessment Resource Centre	14.22	498	0	498
725	Business Support	53.51	1,268	0	1,268
703	Careers South West Contract	0	344	0	344
740	Child Arrangement Orders	0	320	0	320
730	Children in Need / Child Protection	34.7	1,688	0	1,688
704	Children's Society Contract	0	199	0	199
754	Citizens Advice and Media Wave	0	84	0	84
700	Commissioning Unit	7.89	319	0	319
736	Connected Persons Fostering	0	450	0	450
758	Court Team	4	172	0	172

ID	ServiceTitle	Number of full time equivalent employees.	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
709	Disabilities - Day Care Services	1.18	278	-25	253
715	Disabilities - Direct Payments	0	250	-45	205
713	Disabilities - Domiciliary Care	0	39	-10	29
714	Disabilities - Overnight Short Breaks	0	331	-90	241
712	Disabilities - Social Work Team	7.94	277	-12	265
710	Disabilities- Occupational Therapy	0	143	0	143
717	Early Help Service	15.81	570	-389	181
748	Early Years / Children's Centres Contract	10.75	1,361	-11	1,350
727	Family Group Conferencing	0	91	0	91
718	Fostering - Recruitment, Assessment, Supervision & Su	14.19	703	0	703
751	Home to School Transport / Escorts	3.8	1,909	-84	1,825
734	In House Fostering	0	2,756	0	2,756
737	Independent Sector Fostering	0	2,500	0	2,500
746	Independent Special School Fees	0	1,835	0	1,835
757	Innovation Programme	0	1,250	-1,250	0

ID	ServiceTitle	Number of full time equivalent employees.	Total Expenditure	Total Income	Net Expenditure
			£'000	£'000	£'000
729	Intensive Family Support Services	13.32	471	0	471
722	Intensive Youth Support Service	11.84	603	0	603
723	Intensive Youth Support Service - Southwark	0	162	0	162
735	Lodgings / Personal Allowances	0	534	0	534
716	Looked after Children Team	11	544	0	544
726	Multi Agency Safeguarding Hub (MASH)	9.93	341	0	341
701	My Place - Parkfield	7.65	341	-125	216
711	Organisational Development / Quality Assurance	2.92	517	0	517
732	Other Safeguarding Activities	0	738	0	738
752	Other School Support Services	13.51	2,708	-891	1,817
738	Parent & Child Placements	0	740	0	740
760	PARIS Team	5	192	0	192
753	Private Finance Initiative	0	2,284	-1,752	532
747	PVI Nursery Funding - 2, 3 & 4 year olds	0	4,132	0	4,132
739	Residential Care	0	3,627	-193	3,434

ID	ServiceTitle	Number of full time equivalent employees.	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
708	Safeguarding Children Board	2.42	140	-48	92
707	Safeguarding Unit	6	360	0	360
749	School Funding / DSG and Other Grants	0	38,669	-48,057	-9,388
741	Section 17 - Assistance to Families	0	122	0	122
706	SEND Reform Grant	5.68	198	-198	0
731	Senior Management Team	7	528	0	528
759	Single Assessment Team	19.82	956	0	956
745	Special Educational Needs	5	819	-240	579
742	Special Guardianship Allowances	0	410	0	410
724	Therapeutic Services	0	356	-167	189
756	Troubled Families Grant	0	321	-321	0
705	Young Person's Substance Misuse	0	139	-68	71
721	Youth Justice	6.62	301	-301	0
720	Youth Offending	5	267	-56	211
702	Youth Outreach	0	145	0	145

ID	ServiceTitle	Number of full time equivalent employees.	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
Total		326.98	83,429	-54,406	29,023

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Children's Services

Director:

Richard Williams

Executive Lead:

Cllr Ken Pritchard

Schools Services

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What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> School Improvement Behaviour Support - EOTAS Ethnic Minority Achievement Service – support to pupils with English as an additional language (EAL) Early Years and Childcare Advisory Service Special Education Needs Support Services School Admissions School Transport Governor Services 	<p>Local authorities are bound by 200+ statutory duties covering education and social care and have a duty to provide suitable education for all children and is accountable for the performance of all schools including academies.</p> <p>This includes pupils who have been excluded, have medical conditions, are in hospital, are being educated at home or need support as English is not their first language.</p>	<p>As at May 2014 there are 18 maintained settings (13 primary/2 secondary/2 special/1PRU), 24 academies (17 primary, 6 secondary, 1 special) with over 19,000 pupils.</p> <p>Torbay has approximately 75 children educated at home, 320 pupils in the virtual school, 150 receive hospital tuition annually, nearly 500 EAL pupils who receive support and 5500, 0-4 year olds who need appropriate provision. Over 4000 school place applications are processed annually with approximately 1800 pupils needing school transport.</p> <p>Torbay has higher than national average SEN pupils at 3.1% (national 2.8%).</p>	<p>706</p> <p>744 – 749</p> <p>751 - 753</p>

Commissioning Unit

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>This includes the redesigned commissioning unit including housing strategy, youth services, external contracts with Careers South West & Action for Children.</p>	<p>To deliver services to meet statutory duties to provide sufficient educational provision for 0-4, Raising Participation Age and providing support to vulnerable young people</p>	<p>Over 6600 young people are supported into Employment, Education of Training (EET) including over 2000 vulnerable young people.</p>	<p>700 – 705</p> <p>754 & 756</p>

Safeguarding and Wellbeing

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> • Safeguarding Hub • Children In Need Service • Family Solutions • Safeguarding & Family Support – includes Child Protection & Proceedings, The ARC, • Intensive Family Support • Specialist Services – includes Fostering, Adoption , Permanence Team, Children with Disabilities • Quality Assurance – includes Safeguarding Unit , Torbay Safeguarding Children's Board , PARIS Team , Organisational Development , Family Group Conference • Integrated Youth Support includes Parkfield & Youth Service 	<p>The work is of a statutory nature, the legislation contained within the Children Act 1989 and subsequent amendments and updates, Children Act 2004, as well as the Children (Leaving Care) Act 2000 and the Care Planning, Placement and Review (England) Regulations 2010 , Fostering Regulations 2011, The Adoption and Children Act, Carers and Disabled Children Act 2000</p> <p>To provide targeted interventions and crisis support to children, young people and their families, act as corporate parent to children looked after.</p>	<p>In 2013/14 there were over 7700 contacts to the Safeguarding Hub.</p> <p>In the financial year 2012/2013 there were 785 children and young people referred to the Family Support .</p> <p>The demand for the service fluctuates depending on referrals by a variety of agencies and the general public.</p>	<p>707 – 732</p> <p>734 – 743</p>

Service Title: **Schools Services**

Manager: D Hadleigh / J Inett / R Williams / T Harwood

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This includes services funded by the Dedicated Schools Grant (DSG) of approx £41m and Council funding.

The main services predominately funded by DSG are:- School Formula Allocations, Alternative Provision / Vulnerable Children, Independent Special School Fees, PVI and Early Years funding.

Services predominately funded by Council funding are:- Special Educational Needs, Home to School Transport / Escorts, other school support services including Educational Psychology & Advisory Teachers, Governing Body Support and Private Finance Initiative.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Contribs . From DSG £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
744 Alternative Provision / Vulnerable Children	16.07	721	15	240	0	0	976	-15	0	-18	0	-33	943
748 Early Years / Children's Centres	10.75	394	22	945	0	0	1,361	-11	0	0	0	-11	1,350
751 Home to School Transport / Escorts	3.8	101	0	1,516	0	292	1,909	-84	0	0	0	-84	1,825
746 Independent Special School Fees	0	0	0	1,835	0	0	1,835	0	0	0	0	0	1,835
752 Other School Support Services	13.51	621	1	1,270	0	816	2,708	-179	-692	-20	0	-891	1,817
753 Private Finance Initiative	0	0	0	1,800	444	40	2,284	-622	-503	-627	0	-1,752	532

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £`000	Premises £`000	Supplies & Services £`000	Contribut'n to Reserves £`000	Other £`000	Total Expenditure (*ATL) £`000	Fees, Charges & Sales £`000	Govern't Grant Income £`000	Contribut'n from Reserves £`000	Contribs . From DSG £`000	Total Income (*ATL) £`000	Net Expenditure (*ATL) £`000
747 PVI Nursery Funding - 2, 3 & 4 year olds	0	0	0	0	0	4,132	4,132	0	0	0	0	0	4,132
749 School Funding / DSG and Other Grants	0	0	0	1,500	1,014	36,155	38,669	0	-45,543	-2,514	0	-48,057	-9,388
706 SEND Reform Grant	5.68	186	0	12	0	0	198	-31	-67	-100	0	-198	0
745 Special Educational Needs	5	222	0	597	0	0	819	-240	0	0	0	-240	579
TOTAL	54.8	2,245	38	9,715	1,458	41,435	54,891	-1,182	-46,805	-3,279	0	-51,266	3,625

No of Staff (**FTE)

*ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Commissioning Unit Inc Youth & External Contracts**

Manager: Gail Rogers / Julie Sharland

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This includes Commissioning Unit (including Young Carers Service), Youth Services and external contracts with Careers South West, Children's Society and Citizens Advice. This also includes the Troubled Families Grant.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Donations £'000	Income from Health £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
703 Careers South West Contract	0	0	0	344	0	0	344	0	0	0	0	0	344
704 Children's Society Contract	0	0	0	199	0	0	199	0	0	0	0	0	199
754 Citizens Advice and Media Wave	0	0	0	80	0	4	84	0	0	0	0	0	84
700 Commissioning Unit	7.89	292	0	27	0	0	319	0	0	0	0	0	319
701 My Place - Parkfield	7.65	209	84	48	0	0	341	-75	0	-50	0	-125	216
756 Troubled Families Grant	0	0	0	0	0	321	321	0	-321	0	0	-321	0

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £`000	Premises £`000	Supplies & Services £`000	Contribut'n to Reserves £`000	Other £`000	Total Expenditure (*ATL) £`000	Fees, Charges & Sales £`000	Govern't Grant Income £`000	Donations £`000	Income from Health £`000	Total Income (*ATL) £`000	Net Expenditure (*ATL) £`000
705 Young Person's Substance Misuse	0	0	0	139	0	0	139	0	0	0	-68	-68	71
702 Youth Outreach	0	0	0	0	0	145	145	0	0	0	0	0	145
TOTAL	15.5	501	84	837	0	470	1,892	-75	-321	-50	-68	-514	1,378

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Children's Safeguarding Service-Children in Need / Child Protection / Single Assessment/MASH**

Manager: Giselle Jones / Vashti Wickers / Gail Rogers

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This service includes all costs in relation to social workers in CIN & CP, Single Assessment, Multi Agency Safeguarding Hub and Early Help Service. Also costs in relation to the Assessment Resource Centre, Family Group Conferencing and Intensive Family Support Service. The recruitment and retention initiative for social workers and the cost of court proceedings and other legal costs are both included in other safeguarding activities.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Grants £'000	Parents Penalty Notices £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
728 Assessment Resource Centre	14.22	435	26	37	0	0	498	0	0	0	0	0	498
730 Children in Need / Child Protection	34.7	1,367	0	48	0	273	1,688	0	0	0	0	0	1,688
717 Early Help Service	15.81	545	0	25	0	0	570	-60	0	-321	-8	-389	181
727 Family Group Conferencing	0	52	0	5	0	34	91	0	0	0	0	0	91
729 Intensive Family Support Services	13.32	455	0	16	0	0	471	0	0	0	0	0	471
726 Multi Agency Safeguarding Hub	9.93	340	0	1	0	0	341	0	0	0	0	0	341

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £`000	Premises £`000	Supplies & Services £`000	Contribut'n to Reserves £`000	Other £`000	Total Expenditure (*ATL) £`000	Fees, Charges & Sales £`000	Govern't Grant Income £`000	Contribut'n from Grants £`000	Parents Penalty Notices £`000	Total Income (*ATL) £`000	Net Expenditure (*ATL) £`000
732 Other Safeguarding Activities	0	0	0	600	0	138	738	0	0	0	0	0	738
759 Single Assessment Team	19.82	782	0	18	0	156	956	0	0	0	0	0	956
TOTAL	108	3,976	26	750	0	601	5,353	-60	0	-321	-8	-389	4,964

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Children's Safeguarding Service - Placement Costs & Allowances**

Manager: Jacqui Jensen

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This only includes costs relating to the care of children in need or in care. It also includes health income to support packages of care and contributions from Dedicated Schools Grant (DSG) for joint funded placements with an educational element.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Payments to Carers	Payment to Providers / Individuals	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Income from Health	Contribs . From DSG	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
743 Adoption Allowances	0	0	0	0	330	0	330	0	0	0	0	0	330
740 Child Arrangement Orders	0	0	0	0	320	0	320	0	0	0	0	0	320
736 Connected Persons Fostering	0	0	0	0	450	0	450	0	0	0	0	0	450
734 In House Fostering	0	0	0	251	2,456	49	2,756	0	0	0	0	0	2,756
737 Independent Sector Fostering	0	0	0	0	0	2,500	2,500	0	0	0	0	0	2,500

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Payments to Carers	Payment to Providers / Individual	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Income from Health	Contribs . From DSG	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
735 Lodgings / Personal Allowances	0	0	0	0	0	534	534	0	0	0	0	0	534
738 Parent & Child Placements	0	0	0	0	125	615	740	0	0	0	0	0	740
739 Residential Care	0	0	0	26	0	3,601	3,627	0	0	-80	-113	-193	3,434
741 Section 17 - Assistance to Families	0	0	0	122	0	0	122	0	0	0	0	0	122
742 Special Guardianship Allowances	0	0	0	0	410	0	410	0	0	0	0	0	410
TOTAL	0	0	0	399	4,091	7,299	11,789	0	0	-80	-113	-193	11,596

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Children's Safeguarding Service - Disabilities / Quality Assurance**

Manager: Dorothy Hadleigh / Russell Knight

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This includes the staffing costs relating to the Safeguarding Unit and Board. All services relating to Disability Services including the cost of packages of care including direct payments and staffing costs.

Continuous Professional Training is also included here as is parenting training for families. The team who manage the PARIS system is also included.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Income from Health £'000	Income Police / Probation £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
709 Disabilities - Day Care Services	1.18	45	7	43	0	183	278	0	0	-25	0	-25	253
715 Disabilities - Direct Payments	0	0	0	0	0	250	250	0	0	-45	0	-45	205
713 Disabilities - Domiciliary Care	0	0	0	39	0	0	39	0	0	-10	0	-10	29
714 Disabilities - Overnight Short Breaks	0	0	0	0	0	331	331	0	0	-90	0	-90	241
712 Disabilities - Social Work Team	7.94	272	0	5	0	0	277	0	0	-12	0	-12	265
710 Disabilities- Occupational Therapy	0	0	0	20	0	123	143	0	0	0	0	0	143

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Income from Health £'000	Income Police / Probation £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
711 Organisational Development / Quality	2.92	159	0	358	0	0	517	0	0	0	0	0	517
760 PARIS Team	5	154	0	38	0	0	192	0	0	0	0	0	192
708 Safeguarding Children Board	2.42	81	3	56	0	0	140	0	0	-28	-20	-48	92
707 Safeguarding Unit	6	295	0	6	0	59	360	0	0	0	0	0	360
TOTAL	25.5	1,006	10	565	0	946	2,527	0	0	-210	-20	-230	2,297

No of Staff

*ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Children's Safeguarding Service - Specialist Services / Intensive Youth**

Manager: **Andrenna Fuller / Amanda Douglas**

Business Unit: **Children's Services**

Director: **Richard Williams**

Brief Description of Service:

This includes the staffing costs for the following service areas:-

LAC Team, Court Team, Intensive Youth Support Service, Fostering Recruitment, Assessment, Supervision and Support, Adoption Team, Therapeutic Services (CAMHS) and Youth Offending.

This also includes costs in relation to additional costs and leaving care grants for non LAC 16-18 yr olds and over 18's, Southwark judgement lodgings costs and Therapeutic Services.

Service provides:-

	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Contribs. from other LA's	Govern't Grant Income	Income from Health	Other Income	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
719 Adoption Service	10.21	404	0	52	0	367	823	-40	0	0	0	-40	783
758 Court Team	4	169	0	3	0	0	172	0	0	0	0	0	172
718 Fostering - Recruitment, Assessment, Supervision & Support	14.19	611	0	92	0	0	703	0	0	0	0	0	703
722 Intensive Youth Support Service	11.84	432	0	21	0	150	603	0	0	0	0	0	603

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Contribs. from other LA's	Govern't Grant Income	Income from Health	Other Income	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
723 Intensive Youth Support Service - Southwark	0	0	0	12	0	150	162	0	0	0	0	0	162
716 Looked after Children Team	11	433	0	24	0	87	544	0	0	0	0	0	544
724 Therapeutic Services	0	32	0	0	0	324	356	0	0	0	-167	-167	189
725 Youth Justice	6.62	252	0	49	0	0	301	0	-301	0	0	-301	0
720 Youth Offending	5	206	0	42	0	19	267	0	0	-18	-38	-56	211
TOTAL	62.9	2,539	0	295	0	1,097	3,931	-40	-301	-18	-205	-564	3,367

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Children's Safeguarding Service -Senior Management / Initiatives**

Manager: Richard Williams

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This service includes the costs of Business Support including staff travel, subsistence, mobile phone and office expenses across Children's Services. It also includes the costs of the Senior Management Team (excluding the Director of Children's Services). Also included is the 2 year DfE Innovation Programme bid.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
725 Business Support	53.51	1,151	2	115	0	0	1,268	0	0	0	0	0	1,268
757 Innovation Programme	0	0	0	0	0	1,250	1,250	0	-1,250	0	0	-1,250	0
731 Senior Management Team	7	525	0	3	0	0	528	0	0	0	0	0	528
TOTAL	60.5	1,676	2	118	0	1,250	3,046	0	-1,250	0	0	-1,250	1,796

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Public Health

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
900	Management & Administration	15	1,626	-7,647	-6,021
901	Non Prescribed Functions	0	3,813	-82	3,731
902	Prescribed Functions	0	2,666	-376	2,290
Total		15	8,105	-8,105	0

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Public Health Commissioning

Director:

Caroline Dimond

Executive Lead:

Cllr Chris Lewis

Public Health Commissioning

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>Torbay Council's Public Health Team commissions a broad range of services to improve the health of the population. This includes promoting and helping people to live healthier lifestyles and ultimately contributing to people living longer and healthier.</p> <p>Some of these services are familiar to people such those that tackle smoking, obesity, drug and alcohol misuse and promote nutrition and physical activity. Others such as NHS Health Checks or the National Child Measurement Programme are initiatives that are people are likely to be less acquainted with.</p> <p>The Government expects that certain public health responsibilities are mandatory, for example that there is appropriate access to sexual health services in the locality.</p>	<p>It is a statutory function of public health within the local authority to provide population healthcare advice to the NHS. Public Health expertise must be made available to the Southern Devon & Torbay Clinical Commissioning Group to support improvement in the quality of healthcare services; reduce health inequalities and achieve positive health outcomes for Torbay.</p>	<p>There are a range of demands for the Public Health Service - Full details are included within the Summary Service Review available at www.torbay.gov.uk/budget</p>	<p>900 to 902</p>

Service Title: **Public Health**

Manager: **Caroline Dimond**

Business Unit: **Public Health**

Executive Head: **Caroline Dimond**

Brief Description of Service:

From April 2013 the Council became responsible for elements of the public health function previously carried out by Primary Care Trusts. This includes: Prescribed functions such as sexual health, public health advice and health checks. Income includes payments from Devon County Council for the sexual health function for the Southern Devon area.

Non Prescribed functions such as substance misuse (drugs & alcohol), stop smoking, obesity & physical activity.

For 2015/16 the service will be funded by a ring fenced grant. For future years the grant may form part of the Revenue Support Grant or be unringfenced.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
900 Management & Administration	15	883	1	742	0	0	1,626	-251	-7,396	0	0	-7,647	-6,021
901 Non Prescribed Functions	0	0	3	3,810	0	0	3,813	-82	0	0	0	-82	3,731
902 Prescribed Functions	0	0	0	2,666	0	0	2,666	-376	0	0	0	-376	2,290
TOTAL	15	883	4	7,218	0	0	8,105	-709	-7,396	0	0	-8,105	0

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Community Safety

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
300	Bereavement Services	0	0	-670	-670
301	Community Development	0	217	-100	117
302	Community Protection	15.5	684	-151	533
552	Corporate Security	8.43	395	-196	199
303	Divisional Management & Operational Support	11.71	361	-87	274
304	Food Safety, Health & Safety, Licensing and Trading St	20.32	938	-520	418
310	Health & Safety and Resilience	4	185	-18	167
305	Healthwatch	0	139	0	139
308	Housing Options	13	370	0	370
311	Licensed Accommodation	0	267	-195	72
314	Mediation & Housing Partnership	0	6	0	6
313	Prevention Fund	0	45	0	45
306	Private Sector Housing Standards	6.52	390	-73	317
312	Rent Deposit Guarantee & Bond Scheme	0	11	0	11

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure	Total Income	Net Expenditure
			£`000	£`000	£`000
307	Safer Communities (inc Community Safety Partnership)	4	187	0	187
309	Temporary Accommodation	0	93	-50	43
Total		83.48	4,288	-2,060	2,228

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Community Safety

Director: Steve Parrock
Executive Head: Fran Hughes
Executive Lead: Cllr Robert Excell

Commercial Regulation, Food Safety, Health and Safety, Licensing & Trading Standards

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Council regulates commercial businesses to protect the public health, safety and welfare. These include businesses where food is prepared and sold; workplaces; traders that operate from Torbay; leisure facilities, etc.</p> <p>Key services provided include: -</p> <ul style="list-style-type: none"> • Food hygiene, food standards and Health & Safety enforcement. • Investigation of infectious disease. • Health and Safety in the workplace • Investigation of reportable accidents. • Petroleum Licensing. • Trading Standards • Licensing of premises and personal licences. • Hackney Carriage and Private Hire Vehicle Licensing. • School Meals Client Monitoring. • Improving Road Safety including Road safety education, training and publicity • School Crossing Patrols 	<p>The Council has a statutory duty to provide a full range of Environmental Health, Trading Standards and Licensing regulatory responsibilities and the way in which it delivers this requirement is governed by a large number of statutes. The mechanism by which it delivers is prescribed as are the qualifications of the officers who can be authorised to carry out the work.</p>	<p>Demand is generally categorised into two main areas: proactive and reactive. Our proactive work is planned work, prescribed by legislation. Our reactive work is our response to demands from the population of Torbay where we have a statutory duty or power to intervene to protect public health, safety or welfare. Demand is largely driven by the duty on local authorities to comply with statutory legislation and activity levels are prescribed.</p> <p>25 School Crossing patrols are provided for local schools</p>	304, 561

Community Protection

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Community Protection includes core statutory services of Environmental Health, namely Pollution Control and Private Sector Housing Standards and Anti-Social behaviour. It also provides a wide range of other mandatory duties allied to these core themes. Community Protection key services are managed collectively to ensure neighbourhood issues are adequately addressed.	The Community Protection Team has a range of mandatory regulatory responsibilities and the way in which it delivers services is governed by a large number of statutes.	Demand is generally categorised into two main areas: proactive and reactive. Our proactive work is planned work, prescribed by legislation. Our reactive work is our response to demands from the population of Torbay where we have a statutory duty or power to intervene to protect public health, safety or welfare. Demand is largely driven by the duty on local authorities to comply with statutory legislation.	302, 306

Corporate Security & CCTV

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> Providing CCTV surveillance and managing the Council's 232 CCTV cameras and communication network Supporting the Crime and Disorder partnership by assisting the Police with detection of crime and antisocial behaviour Managing the Council's corporate security team providing static and mobile guarding Managing buildings access and ID card control along with security risk assessments Producing and maintaining the Council's security policy Opening and closing Council buildings. Security support for events 	The CCTV and Security service is provided for the security of members of the public and Council staff.	Residents and visitors to Torbay, as well as Council staff.	552

Safer Communities

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Safer Communities team now forms part of the wider Community Protection Team and co-ordinates the Safer Communities Partnership as well as managing the front line service delivery of a number of partnership funded projects. Its main aim is to reduce the incidence and fear of crime, making Torbay a safe and healthy place to live in and visit. The Council has statutory duties as a Community Safety Partnership and also has duties to meet the requirements of Section 17 Crime and Disorder Act. Torbay Council works with other partners including the Police, Fire, Probation Service and Torbay Care Trust, who also contribute to the Safer Communities Partnership. The care staff are funded as the Council's contribution to the partnership. However, all other staff are funded through a variety of grant funding arrangements.</p>	<p>The Council has a statutory duty to maintain a Crime and Disorder Reduction Partnership (Crime and Disorder Act 1998). This duty includes a number of specific elements including:</p> <p>Community Safety meetings held, formal multi-agency information exchange protocol, holding public meetings to consult with communities about priorities, rolling strategic assessment of crime and disorder, implementation of a strategy to reduce offending, delivery of the PREVENT agenda</p>	<p>Demand comes from a range of activities and interventions identified in the Community Safety Strategic Assessment. This document has identified the priorities for Torbay as being anti-social behaviour; offending/reoffending; violence in the home and night time economy issues.</p>	307

Housing Options

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Housing Options Service provides a range of services to prevent homelessness and support individuals and families in crisis, through the provision of emergency and temporary accommodation. Based at Tor Hill House, Housing Options is the main referral route into any temporary accommodation contracted by the Authority.</p> <p>There is a statutory duty to produce a Homelessness Strategy and maintain a housing register. This requires the provision of a Housing Options service for prevention advice and homeless applications. In addition the Council has to provide emergency and temporary accommodation and access to support and supported accommodation to the meet different needs.</p>	<p>The Housing Options Team has a range of statutory duties to deliver emergency and temporary accommodation and prevent homelessness and manage the housing waiting list. The way in which it delivers services is governed by a large number of statutes.</p>	<p>The service is accessed by all client groups, families, young people, single people, and older people's including vulnerable groups with complex needs.</p> <p>Internal: Referrals are received from a range of Torbay Council business areas, e.g., Children and Adults social care, Housing Benefit, Housing Standards, Connections Offices.</p> <p>External: Social and private landlords, partner agencies, e.g. Probation, YOT, Care Trust, Health, Checkpoint.</p>	<p>Housing Options 308 311 314 312 309 313</p>

Community Development

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Council works in partnership with the community to develop their capacity to influence services delivered and to increase their ability to commission services and improvements themselves. This is largely provided through an arrangement with the Torbay Community Development Trust.</p>	<p>The council is committed to building capacity within our community and voluntary sector to ensure that wherever possible we maximise the skills and expertise of our communities.</p>	<p>Demand is driven by the parameters of the agreement in place with the Community Development Trust and the agreed business plan for the next three years.</p>	<p>301</p>

Health and Safety and Emergency Planning

What is provided?	Why is it provided?	What drives demands?	Budget Reference
This includes corporate health and safety, emergency planning and business continuity.	<p>Health & Safety & Emergency Planning Team</p> <p>This team fulfils the organisation's statutory requirements in relation to emergency planning in relation to the council's duty as a category one responder under the Civil Contingencies Act and corporate health and safety to ensure that our minimum statutory obligations are fulfilled (Health and Safety at Work Act 1974).</p> <p>In House Corporate Health and Safety Support</p> <p>There are currently two members of staff who are employed specifically to protect the interests in Torbay Council and schools with regard to health and safety. They provide policy development and support, accident investigation, training to all council staff and schools. They are the competent persons required for an organisation of Torbay Councils size to fulfil its duties under the Health and Safety at Work Act.</p> <p>Emergency Planning</p> <p>There are two members of staff who undertake a range of preparedness and response duties in relation to emergency planning and business continuity. These functions enable the council to appropriately respond to civil emergencies and minimise the impact of these demand pressures on other areas of the councils business.</p>	<p>Demand drivers include:</p> <ul style="list-style-type: none"> • Number of accidents reported • Number of large public events in Torbay • Office rationalisation • Health and Safety training course required for staff including schools • Number of civil emergencies e.g. fires, flooding, landslips etc • Regional collaboration commitment through the Local Resilience Forum • Wide scale health protection incidents • Changes to the structure of the organisation in terms of amendments to business continuity and roles and responsibilities. 	310

Divisional Management and Support

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>This service includes the Executive Head and the operational, financial & administrative support functions including analytical and intelligence functions. It provides administrative support to all of the front line teams within the regulatory services elements of the unit. It also provides specialist technical support to manage the databases and performance data as well as financial support to the teams. The unit includes PA support to the Executive Head and has project management capability for front line work across the business unit. It also delivers the functions of the client for the cemeteries and crematoria contract; local Healthwatch; iNHS complaints advocacy; as well as the coordination of a number of partnerships, including PREVENT, Public Safety Advisory Group, the Torquay United Safety Advisory Group, and analytical support to the Safer Communities Partners, some public health functions as well as the Business Unit itself.</p>	<p>General telephone contact with all the teams is generally via the Council Contact Centre and the team was restructured to facilitate this change in July 2013. The residual administrative and intelligence support is specialist in nature and has to deal with the full range and diversity of statutory responsibilities which the wider business unit is responsible for. The team works across the Safer Communities Partnership agenda and is closely allied within the Public Health Team. The team, in its current configuration, was established on 1st April 2013 as a result of the budget reductions imposed as a new way of managing demand and focusing work in a more evidence based approach which then drives the work of the front line teams.</p>	<p>Demand drivers are dependent on the work flows of all the front line teams in the department, partnership working; agreed commissioning interventions and contract monitoring</p>	<p>303, 305 & 300</p>

Service Title: **Food Safety, Licensing, Trading Standards, Health & Safety and Resilience**

Manager: S Cox, H Perkins & C DeJongh

Business Unit: Community Safety

Brief Description of Service:

Executive Head: Frances Hughes

These statutory services protect the public's health, safety and welfare across Torbay. They are managed as an integrated team to improve the service to the customer and to improve efficiency. Food hygiene, food standards and health & safety enforcement. Investigation of reportable accidents. Investigation of infectious disease. Trading Standards (fair trading, metrology, product safety). Petroleum Licensing and Hackney Carriage and Private Hire Vehicle Licensing. HEALTH & SAFETY AND RESILIENCE - This includes corporate health & safety, emergency planning and business continuity which support all other business units of the Council and are an essential part of the Council's resilience and statutory responsibilities under the Health and Safety at Work Act and the Civil Contingencies Act.

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Income from other Org £'000	Contribut'n from Reserves £'000	Buyback from Schools £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
552 Corporate Security	8.43	246	1	148	0	0	395	-121	-25	-50	0	-196	199
304 Food Safety, Health & Safety, Licensing and Trading Standards	20.32	847	0	91	0	0	938	-468	-52	0	0	-520	418
310 Health & Safety and Resilience	4	172	0	13	0	0	185	-5	0	0	-13	-18	167
TOTAL	32.8	1,265	1	252	0	0	1,518	-594	-77	-50	-13	-734	784

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Community Protection & Private Housing Standards**

Manager: Tara Fowler

Business Unit: Community Safety

Brief Description of Service:

Executive Head: Frances Hughes

COMMUNITY PROTECTION - These key services are managed collectively to ensure neighbourhood and environmental risks are adequately addressed and the statutory responsibilities of the council are delivered.

PRIVATE SECTOR HOUSING STANDARDS - The team deploys the statutory duties of the Council, intervenes and regulates the private sector housing market in Torbay to ensure the health, safety and welfare of owner occupiers and tenants. The Home Improvement Service is currently contracted out.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Income from organisations	Contribut'n from Reserves	Other / Health income	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
306 Community Protection	15.5	492	11	181	0	0	684	-35	-35	-9	-72	-151	533
306 Private Sector Housing Standards	6.52	313	0	77	0	0	390	-2	0	0	-71	-73	317
TOTAL	22.0	805	11	258	0	0	1,074	-37	-35	-9	-143	-224	850

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Safer Communities**

Manager: Frances Hughes

Business Unit: Community Safety

Executive Head: Frances Hughes

Brief Description of Service:

The Safer Communities team co-ordinates the Safer Communities Partnership as well as managing the front line service delivery of a number of partnership funded projects. Its main aim is to reduce the incidence and fear of crime, making Torbay a safe and healthy place to live in and visit. The Council has statutory duties as a Community Safety Partnership and also has duties to meet the requirements of Section 17 Crime and Disorder Act. Torbay Council works with other partners including the Police, Fire, Probation Service and local NHS bodies, who also contribute to the Safer Communities Partnership. Services for high risk victims of domestic abuse are provided within this team.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other / Contrib utions £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
307 Safer Communities (inc Community Safety Partnership)	4	96	0	18	0	73	187	0	0	0	0	0	187
TOTAL	4	96	0	18	0	73	187	0	0	0	0	0	187

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Housing Services**

Manager: Sue Churchill

Business Unit: Community Safety

Brief Description of Service:

Executive Head: Frances Hughes

This includes the costs of temporary accommodation and the staffing costs of the Housing Options team

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Housing Benefit Subsidy	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
308 Housing Options	13	353	0	17	0	0	370	0	0	0	0	0	370
311 Licensed Accommodation	0	0	267	0	0	0	267	0	-195	0	0	-195	72
314 Mediation & Housing Partnership	0	0	0	6	0	0	6	0	0	0	0	0	6
313 Prevention Fund	0	0	45	0	0	0	45	0	0	0	0	0	45
312 Rent Deposit Guarantee & Bond	0	0	11	0	0	0	11	0	0	0	0	0	11
309 Temporary Accommodation	0	0	93	0	0	0	93	0	-50	0	0	-50	43

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Housing Benefit Subsidy	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
TOTAL	13	353	416	23	0	0	792	0	-245	0	0	-245	547

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Bereavement, Community Development & Safety, Healthwatch**

Manager: **F Hughes & P Vandenhove**

Business Unit: **Community Safety**

Brief Description of Service:

Executive Head: **Frances Hughes**

BEREAVEMENT - This service was externalised Nov 2008 to Westerleigh Group who now manage the Cemeteries and Crematorium service under a 25 year lease and management agreement.

COMMUNITY DEVELOPMENT - The Council works in partnership with the Community to develop their capacity to influence services delivered and to increase their ability to commission services and improvements themselves. Community centres are a key resource for the Community and require maintenance and support to make them sustainable. The council financially supports the Community Partnership network.

COMMUNITY SAFETY - Includes Executive Head and financial support plus the operational, administrative and analytical support to all the frontline services provided by the Community Safety Business Unit and the statutory Community Safety Partnership.

HEALTHWATCH - This service commissioned by the council is to establish 'routes' to enable clients to access the social care services they need. This is a grant aided arrangement for two years from 1st April 2013 and a statutory duty of the council.

Service provides:-

	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other / Grants	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
300 Bereavement Services	0	0	0	0	0	0	0	-670	0	0	0	-670	-670
301 Community Development	0	0	1	73	0	143	217	0	0	-100	0	-100	117
303 Divisional Management &	11.71	334	0	27	0	0	361	0	0	0	-87	-87	274
305 Healthwatch	0	0	0	0	0	139	139	0	0	0	0	0	139
TOTAL	11.7	334	1	100	0	282	717	-670	0	-100	-87	-857	-140

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Commercial & Business Services

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
258	Business Services	8.7	348	-70	278
254	Communications Team	4.6	171	-59	112
250	Coroner	0	221	0	221
265	Corporate Apprentices	23	349	0	349
268	Corporate Recruitment	0	17	0	17
267	Corporate Training	0	62	-12	50
259	Democratic Representation	8.3	277	0	277
255	Directors	3.4	514	0	514
260	Elections	0.6	347	-197	150
251	Information Hub	7.8	264	-276	-12
252	Insurance	0	1,122	-248	874
253	Legal Services	17.7	810	-352	458
261	Members Allowances	0	554	-10	544
266	Occupational Health	0	96	-42	54

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure	Total Income	Net Expenditure
			£`000	£`000	£`000
263	Payroll	6	173	-126	47
264	Personnel	9.6	428	-156	272
257	Procurement	4	165	-74	91
262	Registrar - BDM	5	261	-250	11
Total		98.7	6,179	-1,872	4,307

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Commercial & Business Services

Director: Steve Parrock
Executive Head: Anne-Marie Bond
Executive Lead: Cllr Beryl McPhail

Human Resources

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Provision of a Human Resources service to the council, schools, and external organisations such as the Torbay Development Agency (TDA) and English Riviera Tourism Company (ERTC) and Academies. The service provides professional advice on a wide range of employment related issues such as Performance Management, Disciplinary and Grievance and a range of services such as Occupational Health, Learning and Development, Counselling, Coaching, Mediation, Policy development and Recruitment services.	There are a range of statutory requirements around the provision of the Human Resources service. Full details are included within the Summary Service Review available at www.torbay.gov.uk/budget	<ul style="list-style-type: none">• 39 schools across Torbay• 1142 core council employees• 39 income generating clients	264 to 268

Payroll and Pensions

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Provision of a payroll service to both internal and external customers. Ensuring payments are made on time and in accordance with conditions of service, regulations and legislation. Provision of the statutory and non-statutory pensions administration of the Local Government Pension Scheme, Teachers Pension Scheme and NHS Pension Scheme ensuring compliance with the pension scheme regulations.	Applies Statutory and voluntary deductions according to Legislation and Council policies. Supports the development of new council policies by ensuring compliance with statutory legislation. Ensures payments to external bodies are made on time and accurately.	<ul style="list-style-type: none">• 50,000 payslips issued per year• 21 external income generating clients• Approx £97 million paid in gross pay.• 39 schools including academies• 1142 core council employees• English Riviera Tourism Company and Torbay Development Agency.	263

Coroner

What is provided?	Why is it provided?	What drives demands?	Budget Reference																				
Investigation of sudden or unexplained death, or death whilst in custody. Torbay is currently the responsible authority for the Torbay and South Devon Coroner, whose geographical area includes (in addition to Torbay) large parts of the South Hams and Teignbridge Districts and the Isles of Scilly. The administrative arrangements for the Coroners service is in a transition phase, as the jurisdiction has merged with the Plymouth and West Devon area to form a greater Plymouth, Torbay and South Devon coroner area. The lead authority for delivering the service will be Plymouth City Council. This also includes provisional income and expenditure figures for the Medical Examiner’s function which is expected to be adopted.	<p>The Coroner delivers a statutory judicial function delivering justice, answering inquiries into causes of death. The service works with a wide number of partners (e.g. Police, Local Authority, Hospitals, Pathologists, Forensic Experts, Mortuaries, Funeral Directors and Registrars), in the delivery of its function.</p> <p>The regulations governing Coronal appointments are set down in Primary Legislation</p>	<table><tr><th>Demand</th><th>2010/11</th><th>2011/12</th><th>2012/13</th><th>2013/14</th></tr><tr><td>Reported Deaths</td><td>1963</td><td>1655</td><td>1720</td><td>1779</td></tr><tr><td>Post Mortems</td><td>750</td><td>655</td><td>715</td><td>707</td></tr><tr><td>Inquests</td><td>161</td><td>174</td><td>135</td><td>145</td></tr></table>	Demand	2010/11	2011/12	2012/13	2013/14	Reported Deaths	1963	1655	1720	1779	Post Mortems	750	655	715	707	Inquests	161	174	135	145	250
Demand	2010/11	2011/12	2012/13	2013/14																			
Reported Deaths	1963	1655	1720	1779																			
Post Mortems	750	655	715	707																			
Inquests	161	174	135	145																			

Information Compliance and Land Charges

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Information Hub team deal with the Council's statutory responsibilities in respect of the following :-</p> <ul style="list-style-type: none"> • Corporate Complaints • Children Services Complaints • Freedom of Information Request • Environmental Information Request • Whistleblowing • Land Charges 	<p>There are statutory requirements in relation to the work of the Information Hub team as well as contractual obligations in relation to insurance and the need to adhere to Civil Procedure Rules.</p>	<p>Requests for various forms of information from external organisations and members of the public. Complaints from customers and members of the public.</p>	251

Legal Services (including Procurement)

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Legal services team is broken down into the following areas of activity:</p> <ul style="list-style-type: none"> • Children's & Adults' Services • Property & Environment • Litigation & Licensing • Monitoring Officer Function works and services is undertaken in compliance with legislation <p>The Procurement Service carries out a wide range of activities to ensure council spend on goods, and delivers best value for Torbay.</p>	<p>The Legal Services team provide support to each of the service departments within the Local Authority.</p> <p>The Monitoring Officer function is a separate and statutory function that sits with the Senior Solicitor within this team. The Council Monitoring Officer advises the Council and Members on Governance and Constitutional Matters and performs a central role within the complaints process.</p> <p>Public Sector Procurement regulations within the EU relate to the purchasing, by public sector, of contracts for goods, works or services, where the contract value exceeds set spend thresholds. In addition we must adhere to the Government's Value for Money (VFM) policy.</p>	<p>The entirety of work undertaken by Legal Services is dictated by the demand from the various client departments. Over the past year the Procurement Team has adopted a more proactive approach which involves earlier identification of procurement needs and the provision of training and support to enable Business Units to manage their own procurements, where they are deemed to be low value and low risk.</p>	253 & 257

Registrars

What is provided?	Why is it provided?	What drives demands?	Budget Reference																
<ul style="list-style-type: none">Registration of birth, deaths and marriages in accordance with the statutory requirements.Statutory and non-statutory ceremonies.Keeping records and archivesProviding CertificatesLicensing of all non CoE (Church of England) marriages etc	There are a range of statutory requirements around the provision of the Registrars service. Full details are included within the Summary Service Review available at www.torbay.gov.uk/budget	<table><tr><th></th><th>13/14</th></tr><tr><td>Number of Births registered in Torbay</td><td>2,371</td></tr><tr><td>Number of Deaths registered in Torbay</td><td>2,355</td></tr><tr><td>Number of Marriages registered in Torbay - In Approved Premises</td><td>274</td></tr><tr><td>Number of Civil Partnerships registered in Torbay</td><td>10</td></tr><tr><td>Number of Marriages registered in Torbay - in the Register Office</td><td>184</td></tr><tr><td>Number of Non Statutory Ceremonies conducted in Torbay</td><td>11</td></tr><tr><td>Number of new British Citizenship candidates attending a ceremony in Torbay</td><td>101</td></tr></table>		13/14	Number of Births registered in Torbay	2,371	Number of Deaths registered in Torbay	2,355	Number of Marriages registered in Torbay - In Approved Premises	274	Number of Civil Partnerships registered in Torbay	10	Number of Marriages registered in Torbay - in the Register Office	184	Number of Non Statutory Ceremonies conducted in Torbay	11	Number of new British Citizenship candidates attending a ceremony in Torbay	101	262
	13/14																		
Number of Births registered in Torbay	2,371																		
Number of Deaths registered in Torbay	2,355																		
Number of Marriages registered in Torbay - In Approved Premises	274																		
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Number of Marriages registered in Torbay - in the Register Office	184																		
Number of Non Statutory Ceremonies conducted in Torbay	11																		
Number of new British Citizenship candidates attending a ceremony in Torbay	101																		

Governance Support

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Governance Support team provide the following services:</p> <ul style="list-style-type: none"> • Electoral services (includes running elections and referendums and maintaining the electoral register to ensure people's right to vote) • Democratic services (includes co-ordinating the Council's decision-making, constitutional/governance advice and public participation ensuring openness and transparency) • Member, Executive Director of Operations and Finance and Director support (includes dedicated secretarial support to the Mayor) • Member development and training • Chairman and civic/ceremonial support • Facilitating school admission and exclusion appeals and supporting the Torbay Independent Appeals Panel to ensure parents' right to appeal for a place at their preferred school and against an exclusion of their child from school. 	<p>Governance Support ensures the Council operates in an open and transparent way so that people's right to access decisions and take part in meetings is maintained. The team also establishes people's right to vote and ensures well run elections and referendums to support healthy democracy based on fairness and participation. A third area of the team's service includes providing parents with their right to appeal for a school place or against their child's exclusion from a school.</p>	<p>The team support the elected Mayor and 36 councillors on a daily basis so that they can fulfil their responsibilities to the public.</p> <p>We also assist approx 107,000 electors within Torbay with their right to vote, including employing approximately 450 staff for elections (e.g. at polling stations and for counting the votes).</p>	<p>Governance Support: 259 & 260</p> <p>Members Allowances: 261</p>

Communications

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> • Corporate documents and communication support. • Marketing campaigns. • Media management. • Member and officer training and development. • Communications support for events. • Internal communications. • Communications support for elections. • Emergency communications support. • Corporate branding and signage. • Design service. 	<p>Although this service is not statutory the Communications Team delivers a communication service for the council to raise its reputation and ensure information is clearly communicated in the right way at the right time to residents, staff and stakeholders, using the full range of communications methods.</p> <p>This service also ensures that the council gives due regard to The Code of Recommended Practice On Local Authority Publicity as required in section 4(1) of the Local Government Act 1986. This ensures that local authority publicity is effective, efficient, objective, cost effective and appropriate. It must also operate within certain legal constraints.</p>	<ul style="list-style-type: none"> • The new communications and design database shows that 425 written and designed projects were completed in 2013/14. • There were 743 media enquiries in 2013/14 There were 389 press releases and statements in 2013/14 • Support for events in 2013/14 include: Armed Forces Day, HiTech Forum, Cruise Ships exhibitions, The Mayor's Forum. • A new internal communication strategy is currently being developed to update and make current channels of communications more relevant. • An updated social media strategy, which involves creating social media champions, is being developed in conjunction with the Public Access Channel and Systems Team. 	254

Business Services

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<ul style="list-style-type: none"> Support to development and delivery of the council's key change projects focusing on HR / organisational changes. Delivery of effective support to the scrutiny of the Council's decisions or actions. To support policy development and performance monitoring. Consultation and Equality Impact Assessments Performance and Policy Development Statutory Data Returns and Statistics 	<p>The service supports the development and delivery of the council's key change projects/programmes.</p> <p>It also provides support to enable the local authority to discharge a number of statutory duties such as the provision of an overview and scrutiny committee, requirement to consult the community and service users, securing continuous improvement and submitting statutory returns.</p>	Service changes required by the local authority as a whole.	277

Directors

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>This reflects the costs of the roles of the following posts:-</p> <ul style="list-style-type: none"> Council's Executive Director of Operations & Finance (0.8FTE) (who is the head of paid service for the Council) Director of Adult Services (0.8FTE), Director of Place (0.8FTE) Director of Children's Services(1.0FTE) 	Senior management of Torbay Council.	To support Torbay Council in delivering its services.	255

Service Title: **Human Resources**

Manager: Susan Wiltshire

Business Unit: Commercial & Business Services

Executive Head: Anne-Marie Bond

Brief Description of Service:

Human Resources provide a service to the Council, schools and external organisations such as Torbay Development Agency (TDA), English Riviera Tourism Company (ERTC) and Academies. The service provides professional advice on a wide range of employment related issues, disciplinary and grievance and a range of services such as Payroll, Pensions, Occupational Health, Learning and Development, Counselling, Coaching, Mediation, Policy Development and Recruitment Services.

This budget also includes the cost of the Council wide apprentice scheme.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
265 Corporate Apprentices	23	349	0	0	0	0	349	0	0	0	0	0	349
268 Corporate Recruitment	0	0	0	17	0	0	17	0	0	0	0	0	17
267 Corporate Training	0	0	0	62	0	0	62	-12	0	0	0	-12	50
266 Occupational Health	0	0	0	96	0	0	96	-42	0	0	0	-42	54
263 Payroll	6	152	0	21	0	0	173	-126	0	0	0	-126	47
264 Personnel	9.6	374	0	54	0	0	428	-156	0	0	0	-156	272

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £`000	Premises £`000	Supplies & Services £`000	Contribut'n to Reserves £`000	Other £`000	Total Expenditure (*ATL) £`000	Fees, Charges & Sales £`000	Govern't Grant Income £`000	Contribut'n from Reserves £`000	Other £`000	Total Income (*ATL) £`000	Net Expenditure (*ATL) £`000
TOTAL	38.6	875	0	250	0	0	1,125	-336	0	0	0	-336	789

Note:

*ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Legal Services**

Manager: Anne-Marie Bond

Business Unit: Commercial & Business Services

Executive Head: Anne-Marie Bond

Brief Description of Service:

Legal Services are provided to the Council, its Officers, Members and Committees. The division consists of the following Legal teams:- Property, Procurement and Environment, Adult and Children's, Litigation and Licensing, Legal support including Records.

Legal Services also provide the following services to the Council:- Information Hub including Land Charges, Insurance and Coroner.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Insurance Premium & Excess	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
250 Coroner	0	0	0	221	0	0	221	0	0	0	0	0	221
251 Information Hub	7.8	250	0	12	2	0	264	-276	0	0	0	-276	-12
252 Insurance	0	0	0	0	0	1,122	1,122	-238	0	-10	0	-248	874
253 Legal Services	17.7	629	0	181	0	0	810	-325	0	-27	0	-352	458
257 Procurement	4	160	0	5	0	0	165	-74	0	0	0	-74	91
TOTAL	29.5	1,039	0	419	2	1,122	2,582	-913	0	-37	0	-950	1,632

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Registration of Births, Deaths & Marriages**

Manager: Stephen Lemming

Business Unit: Commercial & Business Services

Executive Head: Anne-Marie Bond

Brief Description of Service:

The division is responsible for the registration of birth, deaths and marriages in accordance with the statutory requirements. It is also responsible for a number of statutory and non statutory ceremonies.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
262 Registrar - BDM	5	220	19	22	0	0	261	-250	0	0	0	-250	11
TOTAL	5	220	19	22	0	0	261	-250	0	0	0	-250	11

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Governance Support**

Manager: June Gurry

Business Unit: Commercial & Business Services

Executive Head: Anne-Marie Bond

Brief Description of Service:

This budget reflects the expenditure incurred in relation to supporting the Council's decision making process and the political processes.

It is a multi-skilled team who undertake Election work and includes the Executive support to the Executive Director of Finance & Operations, Directors, Mayor and Members.

Full Council and Mayoral Election will be held in May 2015

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
253 Democratic Representation	8.3	249	5	23	0	0	277	0	0	0	0	0	277
260 Elections	0.6	65	2	238	42	0	347	-3	-39	-155	0	-197	150
261 Members Allowances	0	524	1	29	0	0	554	0	0	-10	0	-10	544
TOTAL	8.9	838	8	290	42	0	1,178	-3	-39	-165	0	-207	971

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Business Support, Communications & Directors**

Manager: Anne-Marie Bond

Business Unit: Commercial & Business Services

Executive Head: Anne-Marie Bond

Brief Description of Service:

Business Support Services combines a range of services which support the operation of the Council's Services and includes:

Business Change which supports the development and delivery of the Council's Key Change Projects.

Overview & Scrutiny provide the delivery of effective support to the scrutiny of the Council's decisions.

Policy Performance & Review Team sets a framework for consultation and equalities. They also support the development of Corporate Policy and complete statutory data returns along with analysing of a wide range of local data.

Communications Team - Provide Marketing and Communciation support for corporate centre and individual services both internal and external

Directors - This heading reflects the costs of the roles of the following post:- Councils Executive Director of Operations & Finance (0.8 FTE), who is the head of paid service for the Council and the Council's following Director's post:- Director of Adult Services (0.8 FTE), Director of Place (0.8 FTE) and the Director of Children's Services (1.0 FTE). Note Director of Public Health funded from Public Health grant.

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
258 Business Services	8.7	301	0	47	0	0	348	-30	-10	-30	0	-70	278
254 Communications Team	4.6	159	0	12	0	0	171	-59	0	0	0	-59	112
255 Directors	3.4	493	0	21	0	0	514	0	0	0	0	0	514
TOTAL	16.7	953	0	80	0	0	1,033	-89	-10	-30	0	-129	904

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Financial Services

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
419	Care Act Implementation	0	0	-1,107	-1,107
400	Corporate Issues	0	3,009	-2,969	40
401	Corporate Management	0	163	-50	113
416	Council Tax Freeze Grant	0	0	-639	-639
402	Debt - (Principal & Interest)	0	11,988	-3,484	8,504
408	Devon Audit Partnership	0	254	-7	247
403	Exchequer & Benefits	60	1,766	-1,288	478
404	External Audit Fees	0	184	0	184
405	Financial Services	27.7	1,183	-153	1,030
415	Green Travel Plan	0	59	-59	0
406	Housing Benefits	0	66,143	-66,242	-99
407	Interest & Treasury Charges	0	180	-627	-447
409	Local Tax Collection	0	233	-489	-256
418	New Homes Bonus Grant	0	0	-2,557	-2,557

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure	Total Income	Net Expenditure
			£`000	£`000	£`000
417	NNDR Related Grants	0	0	-1,341	-1,341
410	Non Distributed and Pension Costs	0	3,442	-99	3,343
411	Precepts & Levies	0	90	0	90
412	Riviera International Centre	0	524	0	524
413	Social Fund	3	400	0	400
Total		90.7	89,618	-81,111	8,507

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Finance

Director: Steve Parrock
Executive Head: Paul Looby
Executive Lead: Mayor Gordon Oliver

Financial Services and Creditor Payments

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>Financial Services is split into three teams:</p> <ul style="list-style-type: none"> • People's Finance Team • Corporate Finance and Environment Finance Team • Systems Team <p>The provision of the services is split into several areas:</p> <ul style="list-style-type: none"> • Closure of the accounts • Budget and Resources Planning and Preparation • Budget Monitoring for Services • Treasury Management • Capital Planning • Technical Advice and Major Project Work • Submission of Statutory Returns and Grant Claims • Provision of bought back service to schools and academies • Financial systems <p>The service also provides a centralised Creditor Payment function for the Council - responsible for the scrutiny and payment of invoices and clearing of credit notes for commercial suppliers.</p>	<p>There are a range of statutory requirements around the provision of the Financial Services and Creditor Payments. Full details are included within the Summary Service Review available at www.torbay.gov.uk/budget</p>	<ul style="list-style-type: none"> • Accounting for £80m Council Tax Collection Fund. • Accounting for £38m National Non-Domestic Rates (NNDR) Collection Fund. • Reconciliation of £80m (net) Benefit payments. • Monthly VAT returns - £12m reclaimed per annum • Reconciliation of Dedicated Schools Grant £88m. • Approximately 288,300 invoices / transactions are checked, processed, paid and dispatched by the Payments Team each year. 	<p>408 and 405</p>

Revenue and Benefits

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>The Revenue and Benefits Service can be split into five activities below:</p> <ul style="list-style-type: none"> • Revenue and Benefits (1) • Corporate Debt (2) • Fraud, Visiting and Training (3) • Discretionary Awards (4) • Systems and Development (5) 	<p>There are a range of statutory requirements around the provision of the Revenue and Benefits service. Full details are included within the Summary Service Review available at www.torbay.gov.uk/budget</p>	<ul style="list-style-type: none"> • Processing 8,900 new claims for Housing and Council Tax Support. • Updating 54,000 Housing and Council Tax Support changes in circumstances. • Maintaining 13,900 Housing Benefit and 16,800 Council Tax Support cases. • Maintaining 65,700 Council Tax liable properties totalling £65.9 million in 2013/14. • Maintaining 5,000 Non Domestic Rate liable properties totalling £36.9 million in 2013/14. • Produce 98,700 Council Tax and 6,900 NNDR bills in 2013/14. • Issue over 95,000 benefit notifications in 2012/13/14. • Pay £67.3 million in Housing Benefit in 2013/14. • Pay £12.9 million in Council Tax Support in 2013/14. • Recover £1.3 million in overpaid Housing Benefit, £450,000 by invoice in Open Revenues Debtors system in 2013/14. 	<p>403, 409, 413 & 406</p>

Service Title: **Financial Services & Devon Audit Partnership**

Manager: **Paul Looby**

Business Unit: **Financial Services**

Executive Head: **Paul Looby**

Brief Description of Service:

Financial Services is responsible for the co-ordination and planning of the council's budget, financial statements and financial advice and creditor payments. Services include - Closure of the Accounts including production of statement of accounts; Budget and Resource Planning and Preparation; Budget Monitoring for Services; Treasury Management; Capital Planning - resourcing and monitoring; Technical Advice and Major Project work; Submission of Statutory Returns and Grant Claims; Provision of bought back service to Schools and Academies; Financial Systems.

Devon Audit Partnership - The Council's internal audit function is provided in partnership with Devon County and Plymouth Council and has been formed under a joint committee arrangement comprising each authority. The partnership works with the partners and provides a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. The partnership is required to comply with the CIPFA code of practice for Internal Audit and other best practice and professional standards.

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
408 Devon Audit Partnership	0	0	0	254	0	0	254	-7	0	0	0	-7	247
405 Financial Services	27.7	1,112	0	71	0	0	1,183	-153	0	0	0	-153	1,030
TOTAL	27.7	1,112	0	325	0	0	1,437	-160	0	0	0	-160	1,277

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Exchequer and Benefits**

Manager: Linda Owen

Business Unit: Financial Services

Executive Head: Paul Looby

Brief Description of Service:

The Service provides welfare support and advice as well as the provision of transactional activities related to benefits, council tax and NNDR collection, and a cashiers function. It provides a quality benefits service to Torbay residents and meets the challenges and demands arising from the introduction by government of a local council tax support scheme, localisation of business rates and the phased introduction of universal credit.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Social Fund £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
403 Exchequer & Benefits	60	1,553	0	213	0	0	1,766	-87	-1,201	0	0	-1,288	478
409 Local Tax Collection	0	0	0	233	0	0	233	-284	-205	0	0	-489	-256
413 Social Fund	3	88	0	0	0	312	400	0	0	0	0	0	400
TOTAL	63	1,641	0	446	0	312	2,399	-371	-1,406	0	0	-1,777	622

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Housing Benefit**

Manager: Linda Owen

Business Unit: Financial Services

Brief Description of Service:

Executive Head: Paul Looby

This page reflects Housing Benefit payments offset by the subsidy from the Department of Work and Pensions (DWP) and any recovered overpayments. The staffing costs of this function are held within the Exchequer and Benefit service. Includes payments and subsidy for Discretionary Housing Payments (DHP).

Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Housing Benefit Payments	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Housing Benefit Subsidy	Contribut'n from Reserves	Overpay ments	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
426 Housing Benefits	0	0	0	66,143	0	0	66,143	0	-65,642	0	-600	-66,242	-99
TOTAL	0	0	0	66,143	0	0	66,143	0	-65,642	0	-600	-66,242	-99

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Budgets held Centrally**

Manager: Paul Looby

Business Unit: Financial Services

Executive Head: Paul Looby

Brief Description of Service:

Precepts & Levies are Environment Agency and the Inshore Fisheries Service.

Pension deficit is the annual cash payment Council is required to make to the Local Government Pension Scheme pension fund in relation to past employees. Pension enhancements are the ongoing costs of historic awards of discretionary pensions including the Council's contribution to Devon County Council's pre 1998 awards.

Corporate Management includes subscriptions such as Local Government Association and the Office Rationalisation Project funded from reserves.

Service provides:-	No of Staff (**FTE)	Pension Deficit £'000	Pension Enhancements £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
401 Corporate Management	0	0	0	163	0	0	163	0	0	-50	0	-50	113
404 External Audit Fees	0	0	0	184	0	0	184	0	0	0	0	0	184
415 Green Travel Plan	0	0	0	59	0	0	59	-59	0	0	0	-59	0
410 Non Distributed and Pension Costs	0	1,820	1,525	10	87	0	3,442	-82	0	-17	0	-99	3,343
411 Precepts & Levies	0	0	0	90	0	0	90	0	0	0	0	0	90
412 Riviera International Centre	0	0	0	524	0	0	524	0	0	0	0	0	524

Service provides:-	No of Staff (**FTE)	Pension Deficit	Pension Enhancements	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000
TOTAL	0	1,820	1,525	1,030	87	0	4,462	-141	0	-67	0	-208	4,254

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Grant Income and Contingencies**

Manager: Paul Looby

Business Unit: Financial Services

Executive Head: Paul Looby

Brief Description of Service:

This pages contains a number of cross Council budgets including:

- Contingencies for costs of exit packages and service pressures.
- A number of un ring fenced grants
- Contribution from Marine Services to general fund
- Use of Reserves to support Childrens Services Cost Reduction Plan

Service provides:-	No of Staff (**FTE)	Service Pressures & Pay £'000	Social Care Contin. £'000	Exit packages £'000	T-Bid support £'000	Empty Homes £'000	Total Expenditure (*ATL) £'000	Childrens Serv. Reserves £'000	Govern't Grant Income £'000	Cont.from Reserves £'000	Cont from Marine £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
419 Care Act Implementation	0	0	0	0	0	0	0	0	-1,107	0	0	-1,107	-1,107
400 Corporate Issues	0	492	1,675	692	50	100	3,009	-2,300	-209	0	-460	-2,969	40
416 Council Tax Freeze Grant	0	0	0	0	0	0	0	0	-639	0	0	-639	-639
418 New Homes Bonus Grant	0	0	0	0	0	0	0	0	-2,557	0	0	-2,557	-2,557
417 NNDR Related Grants	0	0	0	0	0	0	0	0	-1,341	0	0	-1,341	-1,341

Service provides:-	No of Staff (**FTE)	Service Pressures & Pay £`000	Social Care Contin. £`000	Exit packages £`000	T-Bid support £`000	Empty Homes £`000	Total Expenditure (*ATL) £`000	Childrens Serv. Reserves £`000	Govern't Grant Income £`000	Cont.from Reserves £`000	Cont from Marine £`000	Total Income (*ATL) £`000	Net Expenditure (*ATL) £`000
TOTAL	0	492	1,675	692	50	100	3,009	-2,300	-5,853	0	-460	-8,613	-5,604

Note:

*ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services
**FTE = Full Time Equivalent

Service Title: **Treasury Management**

Manager: **Martin Phillips**

Business Unit: **Financial Services**

Executive Head: **Paul Looby**

Brief Description of Service:

Reflects costs of borrowing to support capital expenditure, both interest paid and repayment of principal (MRP).

Reflects interest earned on cash balances.

Reflects principal and interest costs of PFI projects offset by PFI Credits from government.

Treasury Charges include bank charges.

Other income includes income from services for unsupported borrowing, depreciation and bank charges.

Service provides:-	No of Staff (**FTE)	Interest Paid	MRP	Supplies & Services	Contribut'n to Reserves	Harbour Subsidy	Total Expenditure (*ATL)	Interest Received	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
402 Debt - (Principal & Interest)	0	6,717	4,703	0	10	558	11,988	0	-922	-15	-2,547	-3,484	8,504
407 Interest & Treasury Charges	0	0	0	180	0	0	180	-616	0	0	-11	-627	-447
TOTAL	0	6,717	4,703	180	10	558	12,168	-616	-922	-15	-2,558	-4,111	8,057

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Information Services

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
500	Customer Services	36.5	824	-21	803
502	Information Technology	33.2	2,357	-447	1,910
501	Post Room	5	135	-31	104
503	Printing Services	8.4	805	-805	0
504	Voice Network	0	107	-2	105
Total		83.1	4,228	-1,306	2,922

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Information Services

Director: Steve Parrock
Executive Head: Bob Clark
Executive Lead: Cllr Beryl McPhail

Information Technology (IT)

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>A central support service providing:</p> <ul style="list-style-type: none"> Information communications technology (ICT) business systems and software support and development. Desktop & network support, ICT improvements projects. Network installation, server administration & fault rectification. ICT training. Information Governance and Data protection & Records management services. <p>Services extend to the Council, Council members, Adult Care Trust, and other Joint Working agencies (i.e. Youth Justice); Coroners.</p>	<p>This is a non statutory service but is providing business critical support to enable statutory services to function. If systems are not operational then the Council's ability to undertake its statutory duties will be compromised and public services will be affected.</p> <p>Responsible for delivering new IT solutions that are either required to meet new legislative requirements or to facilitate improvements in the operational efficiency of the Council's service areas</p> <p>Information governance is a statutory framework to ensure we comply with legislation, data protection and other mandatory standards.</p>	<p>A 1400 user network including front line staff and critical systems at over 30 sites around Torbay</p> <p>Over 300 servers and 1400 telephones, 500 remote access connections</p> <p>Provision of new systems to meet statutory requirements and central government directives.</p> <p>Nearly 500 training courses run for 1400 delegates (13/14)</p> <p>12983 Service Desk support calls (13/14)</p> <p>800 annual staff IT moves</p>	502 & 504

Customer Services & Customer Access

What is provided?	Why is it provided?	What drives demands?	Budget Digest
<p>Customer Services provides the primary access channels for the public contacting Torbay Council. Implementing Customer Access Improvement Project (CAIP) and eContact.</p> <p>Face to face services operate in Torquay Connections in Brixham Library and in Paignton Library Information Centre.</p> <p>The Contact Centre manages telephone contact for a wide range of council services</p> <p>The Public Access Channel and Systems Team (PACS) support and develop the back office systems that Customer Services use as well as customer facing systems.</p> <p>The team also provides website design & support, document digitisation, social media support</p>	<p>Customer Services is not statutory but does offer the public's main contact to Torbay Council either face to face, through the call centre or main switchboard. However, many of the functions supported by Customer Services are statutory, such as Elections, Registrars and Housing.</p>	<p>Financial Year 2013/14 demand :</p> <ul style="list-style-type: none"> • over 261,000 calls to call centre • over 71,000 visitors • over 122,000 calls to the switchboard <p>Call centre demand has continued to increase</p> <p>Increasing demand for channel shift and digital by default to access services through the Corporate website and mobile devices.</p> <p>Office Rationalisation Project (ORP)</p> <p>Corporate initiatives such as Tell us Once (TUO)</p>	500

Print & Post Room

What is provided?	Why is it provided?	What drives demands?	Budget Reference
<p>Printing operates as a trading unit with all work charged on a job basis to clients. The majority of work is required by Torbay council with a diverse range of output from posters and outdoor banners through to offset/digital printing and regular complex mailing jobs obtaining the maximum postal discounts available.</p> <p>The Post Team deal with the receipt and despatch of all internal and external mail generated by and for Torbay, the General and Education courier service's are run from within the post Team and they also operate the council's corporate scanning service.</p>	<p>This service is not statutory although it supports all other departments across the authority as well as external customers.</p>	<p>Number of jobs produced: 1906 for the year 13/14</p> <p>Number of stationary orders produced: 1063 for year 13/14</p> <p>The Printing Service's customer base is 64% internal (Torbay Council) and 36% external (Primarily NHS) and turnover is approximately in the region of £842K annually</p> <p>Number of items posted: 793949 (13/14 up to 12/3/14)</p> <p>Scanned items: 74,456 (13/14 up to 12/3/14)</p>	501 and 503

Service Title: **Information Technology (ICT) & Information Governance**

Manager: **Bob Clark, Ian Harrison, Andy Margetts**

Business Unit: **Information Services**

Executive Head: **Bob Clark**

Brief Description of Service:

Information Communication Technology (ICT) & Information Governance is a central support service providing Information Technology services, Information Governance and Data protection & Records management services to the Council, Council members, Adult Care Trust, and other Joint Working agencies (i.e. Youth Justice). The ICT Support and Information Governance services have a major strategic enabling role within the organisation and significantly underpin the majority of Service departments and commissioned services of the Council.

A wide range of technical ICT support services and Information Governance support are offered to provide an "Effective and cost efficient ICT support services" supporting the needs of our Council departments, enabling smarter working and cost effective services.

Services include: ICT Development and Software Support; ICT Network Support & Network Operations Support; ICT Desktop Team & Service Desk Team; ICT Training & ICT Services Admin; Information Governance/Data protection & Records management.

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	IT Licence	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
502 Information Technology	33.2	1,175	0	486	0	696	2,357	-173	0	-274	0	-447	1,910
504 Voice Network	0	0	0	107	0	0	107	-2	0	0	0	-2	105
TOTAL	33.2	1,175	0	593	0	696	2,464	-175	0	-274	0	-449	2,015

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Service Title: **Customer Services & Customer Access, Post Room and Printing**

Manager: Alison Whittaker, Stuart Rickards

Business Unit: Information Services

Executive Head: Bob Clark

Brief Description of Service:

Customer Services provides the primary access channels for the public contacting Torbay Council. Face to face services operate from central locations in each of the three towns in the Bay. One operates in Torquay Connections whilst the others are co-located services at Brixham Library and Paignton Library Information Centre. In addition to providing information on Council services, Torquay and Paignton also offer self serve facilities via internet pods and drop in sessions and surgeries for partner organisations. The Contact Centre manages telephone contact for a wide range of council services. The Public Access Channel and Systems Team (PACS) support and develop the back office systems that Customer Services use as well as customer facing systems.

Printing operates as a trading unit with all work charged on a job basis to clients. The majority of work is required by Torbay council with a diverse range of output from posters and outdoor banners through to offset/digital printing and regular complex mailing jobs obtaining the maximum postal discounts available. The Post Team deal with the receipt and despatch of all internal and external mail generated by and for Torbay. The general and education courier services are run from within the post Team and they also operate the Council's corporate scanning service.

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
500 Customer Services	36.5	795	0	29	0	0	824	-21	0	0	0	-21	803
501 Post Room	5	125	0	10	0	0	135	-31	0	0	0	-31	104
503 Printing Services	8.4	221	21	563	0	0	805	-805	0	0	0	-805	0
TOTAL	49.9	1,141	21	602	0	0	1,764	-857	0	0	0	-857	907

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent

Corporate Budgets (including Riviera International Conference Centre)

Director: Steve Parrock
Executive Lead: Mayor Gordon Oliver

Corporate Budgets

What is provided?	Why is it provided?	What drives demands?	Budget Reference
Corporate budgets include treasury management, precepts, external audit fees, concessionary bus fares, IT licences and insurance.			Insurance 252 (Commercial) Corporate Issues 400 (Finance) Debt 402 (Finance) External Audit Fees 184 (Finance) Interest & Treasury Charges 407 (Finance) Pension Costs 410 (Finance) Precepts and Levies 411 (Finance) Riviera International Centre 412 (Finance) Information Technology 502 (IT) Concessionary Fares 651 (Spatial Planning)

Sources of Funding

2015/16 Budget Summary (*ATL)

ID	ServiceTitle	Number of full time equivalent employees	Total Expenditure £`000	Total Income £`000	Net Expenditure £`000
600	Sources of Finance	0	223	-110,265	-110,042
Total		0	223	-110,265	-110,042

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

Service Title: Sources of Funding

Manager: Paul Looby

Business Unit: Sources of Funding

Brief Description of Service:

Executive Head: Paul Looby

This heading is the Council's funding streams including Revenue Support Grant, NNDR income (both the local 49% share and top up) and Council Tax income. Other income includes Collection fund surplus or deficit, Education Support Grant and Local Services Support Grant.

Service provides:- Page 256	No of Staff (**FTE)			Parish Precept			Total Expenditure (*ATL)	Council Tax	Revenue Support Grant	NNDR	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000	£`000
600 Sources of Finance	0	0	0	223	0	0	223	-53,660	-25,700	-29,132	-1,773	-110,265	-110,042
TOTAL	0	0	0	223	0	0	223	-53,660	-25,700	-29,132	-1,773	-110,265	-110,042

Note: *ATL = 'Above the Line' budget is the net budget that an officer is responsible for, which excludes reallocated support services

**FTE = Full Time Equivalent