



BUDGET DIGEST

2016/2017

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A prosperous and healthy Torbay

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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

Draft Budget Digest 2016/2017 – Published 3 February 2016

(Containing: Proposed Budget Reductions, Fees and Charges and Service Information for 2016/2017)

www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?Cid=574&Mid=6874&Ver=4

Service Reviews

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

Budget Consultation 2016/17

<http://www.torbay.gov.uk/index/getinvolved/consultation/closedconsultations/budgetconsultation16-17.htm>

Asset Management Plan 2015/2016

<http://www.torbay.gov.uk/DemocraticServices/documents/s27873/Appendix%204%20-%20Corporate%20Asset%20Management%20Plan%20Final%20Version.pdf>

Council Tax Guide 2016/2017

www.torbay.gov.uk/index/yourservices/council-tax-booklet.pdf

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GLOSSARY

A

ASC Adult Social Care – is the service currently provided by Torbay and South Devon NHS Foundation 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. Councils 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 the Council to collect Council Tax from residents in its area. This precept will form part of the 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 included 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

25 February 2016

-: Present :-

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

The Mayor of Torbay (Mayor Oliver)

Councillors Barnby, Amil, Bent, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Excell, Haddock, King, Kingscote, Lang, Lewis, Manning, Mills, Morey, Morris, O'Dwyer, Parrott, Robson, Sanders, Stockman, Stocks, Stringer, Stubley, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman and Winfield

134 Opening of meeting

The meeting was opened with a prayer.

135 Minutes

The Minutes of the meeting of the Council held on 3 February 2016 were confirmed as a correct record and signed by the Chairman. In respect of the Minutes of the adjourned meeting of the Council held on 11 February 2016, Councillor Tyerman advised that his non-pecuniary interest which he declared as a trustee of Torbay Coast and Countryside Trust was independent from the Council and therefore the Monitoring Officer's dispensation did not apply. Therefore, subject to the Minutes of the adjourned meeting of the Council being updated with Councillor Tyerman's interest, the Minutes were approved as a correct record.

136 Declarations of interests

At the invitation of the Chairman, 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. It was noted that this meant Members were permitted to discuss and vote on the budget in respect of these matters without the need to declare an interest. The Monitoring Officer also advised Members of a dispensation granted to the Mayor on his pecuniary interest in relation to Connections for the purposes of proposing the Mayor's overall final revenue budget and voting on any substantive motion.

The following non-pecuniary interests were declared:

Councillor	Minute Number	Nature of interest
Councillor Tyerman	142	Trustee of Torbay Coast and Countryside Trust and Director of subsidiary companies
Councillor Tyerman	149	Director of Torbay Youth Trust Ltd.
Councillor Thomas (J)	Whole meeting	Trustee and Director of the Shekinah Mission

The Mayor declared a pecuniary interest in respect of Minute142 in relation to Connections and advised of the Monitoring Officer's dispensation for the purposes of proposing his final budget and voting on any substantive motion. The Mayor also declared a pecuniary interest in respect of Minutes 141 and 150.

137 Communications

The Mayor referred to the programme of events scheduled for 2016 including the new Air Show and expressed thanks to the voluntary sector groups that contribute towards making these events a success. The Mayor paid particular thanks to those organisations who deliver events on Paignton Green, which also supported a wide range of local charities. The organisations included Paignton Regatta, BMAD, Torbay Carnival and Torbay Motor Show.

The Overview and Scrutiny Co-ordinator updated Members on the meeting of the Overview and Scrutiny Board held on 17 February 2016. The Co-ordinator advised members that at that meeting the Board discussed the changes to the mechanism of Overview and Scrutiny which reflected the recommendations of the Local Government Association Corporate Peer Challenge Feedback Report and the work undertaken with the Centre of Public Scrutiny in 2014/2015.

138 Order of Business

In accordance with Standing Order A7.2 in relation to Council meetings, the order of business was varied to enable: agenda item 11 (Executive Lead for Business Response to Objection to the Current Corporate Plan – Connections) to be considered before agenda Item 8 (Revenue Budget Proposals 2016/17); and agenda Item 7 (Members' Questions) to be considered after Item 19 (Change of Job Title for Executive Director of Operations), with the exception of question 17 which would be taken after Item 6 (Petition – Health and Safety at Cary Park and immediate surroundings).

139 Petition - Health and Safety at Cary Park and immediate surroundings

In accordance with Standing Order A12, the Council received a petition concerning Health and Safety at Cary Park and immediate surroundings (approximately 103 signatures).

It was noted that the petitioners had requested their petition to be submitted direct to the decision-maker and it would be referred to the Assistant Director for Community and Customer Services for consideration in consultation with the Executive Lead for Community Services.

140 Members' questions

Members received a paper detailing the questions, attached to the agenda, notice of which had been given in accordance with Standing Order A13.

A verbal response was provided on question 17 at the meeting and a supplementary question was then asked and answered in respect of the question.

141 Executive Lead for Business Response to Objection to the Current Corporate Plan - Connections

Further to the adjourned meeting of the Council held on 11 February 2016, Members considered the Record of Decision setting out the Executive Lead for Business' response to the objections raised by the Council on the current Corporate Plan in relation to face to face customer service presence.

It was proposed by Councillor Haddock and seconded by Councillor Morris:

that the Council be recommended to revise the current Corporate Plan under 'Use reducing resources to best affect' as set out below (changes shown in bold text):

*'Use reducing resources to best effect
Thinking for the future*

We will continue to ensure we are working to maximise efficiencies, ensuring every pound and every hour of work is well spent but the scale of the budget gap means this alone will not be enough. Therefore we will need to think and act differently:

- We may stop providing some services.
Including reducing the Connections Service in Torquay and Brixham, but maintaining an appointments system for face to face customer service presence for one day per week in Brixham and Torquay libraries, with any further changes made to the locations of face to face customer service being determined by Full Council.'

An amendment was proposed by Councillor Lewis and seconded by Councillor Stocks:

that the Council be recommended to revise the current Corporate Plan under 'Use reducing resources to best affect' as set out below (changes shown bold):

'Use reducing resources to best effect

Thinking for the future

We will continue to ensure we are working to maximise efficiencies, ensuring every pound and every hour of work is well spent but the scale of the budget gap means this alone will not be enough.

Therefore we will need to think and act differently:

- We may stop providing some services.

~~Including reducing the Connections Service in Torquay and Brixham, but maintaining an appointments system for face to face customer service presence for one day per week in Brixham and Torquay libraries, with any further changes made to the locations of face to face customer service key services protecting our vulnerable residents, for example Connections, being determined by Full Council.~~

- **The Council will maintain a face-to-face customer service presence in Torquay, Paignton and Brixham and before any change is made a report be presented to Council for approval.'**

At the request of the Chairman, a recorded vote was taken on the amendment. The voting was taken by roll call as follows: For: Councillors Barnby, Bent, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Hill, Kingscote, Lewis, Morey, O'Dwyer, Robson, Sanders, Stockman, Stocks, Stringer, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman and Winfield (25); Against: Councillors Amil, Brooks, Excell, Haddock, King, Lang, Manning, Mills, Morris, Parrott and Stubley (11); Absent: Mayor Oliver (1). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the amendment it was declared carried.

The substantive motion was then before Members for consideration.

At the request of the Chairman, a recorded vote was taken on the substantive motion. The voting was taken by roll call as follows: For: Councillors Barnby, Bent, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Hill, Kingscote, Lewis, Morey, O'Dwyer, Robson, Sanders, Stockman, Stocks, Stringer, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman and Winfield (25); Against: Councillors Amil, Brooks, Excell, Haddock, King, Lang, Manning, Mills, Morris, Parrott and Stubley (11); Absent: Mayor Oliver (1). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the substantive motion it was declared carried.

(Note: Prior to the consideration of Minute 141, Mayor Oliver declared his pecuniary interest and withdrew from the meeting.)

142 Revenue Budget 2016/2017

The Council considered the final Revenue Budget proposals of the Mayor, which he had put forward following his consideration of the objections that were made by the Council at its adjourned meeting on 11 February 2016.

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

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

that it be recommended to Council:

- (i) that the net revenue expenditure and council tax requirement for 2016/17 as shown in paragraph 3.3 of the submitted report, that includes the funding raised by the 2% council tax increase specifically for adult social care, be approved;
- (ii) that in relation to (i) above, Council confirms its commitment (by a statement signed by the Section 151 Officer) to allocate the additional funding raised by the 2% council tax increase to adult social care in 2016/17 and in future years;
- (iii) that the 2016/17 allocation of the revenue budget to services as per the budget digest and the associated fees and charges (both circulated separately) be approved, subject to a revised amount of £744,000 (an increase of £10,000) for Customer Services to be allocated from the Grant Income and Contingencies budget, to enable an appointments system for face to face enquiries one day per week in Council libraries in Torquay and Brixham;
- (iv) that the Dedicated Schools Grant be used in accordance with the nationally laid down Schools Financial Regulations (paragraph 11 of the submitted report) and that the Chief Finance Officer be authorised to make amendments as required when the final figures are confirmed and this authorisation be included in the officer scheme of delegation;
- (v) 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 (paragraph 12 of the submitted report);
- (vi) that Council approve the temporary use of £2.5m from the Insurance Reserve in 2015/16 to fund the projected 2015/16 overspend, which is to be repaid from the 2016/17 budget;
- (vii) that Council note that Brixham Town Council have yet to set their budget for 2016/17 and this precept, when known, will be included as

part of the Torbay Council budget for Council Tax setting purposes;

- (viii) that, subject to clarification of the acceptance process from DCLG, that Council delegate acceptance of a four year funding settlement for Revenue Support Grant to the Chief Finance Officer in consultation with the Mayor and Executive Director of Operations and Finance;
- (ix) that, the Review of Reserves 2016/2017 as set out in the submitted report at appendix 3, be approved; and
- (x) that, the Treasury Management Strategy 2016/2017 (incorporating the Annual Investment Strategy 2016/2017 and the Minimum Revenue Provision Policy 2016/2017) as set out in the submitted report at appendix 4 be approved.

In accordance with Standing Order A14.4, an amendment was proposed by Councillor Thomas (D) and seconded by Councillor Ellery:

that the Mayor's Revenue Budget proposals be amended to include:

That the Assistant Director of Corporate and Business Services, in consultation with the Mayor and Group Leaders, be authorised to agree the criteria and principles for use of the transformation budget of £600,000.

A recorded vote was taken on the amendment. The vote was taken by roll call as follows: For: Mayor Oliver, Councillors Amil, Barnby, Bent, Brooks, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Excell, Haddock, Hill, King, Kingscote, Lang, Lewis, Manning, Mills, Morey, Morris, O'Dwyer, Parrott, Robson, Sanders, Stockman, Stocks, Stringer, Stublely, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman and Winfield (37). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the amendment it was declared carried (unanimous).

(Note: Prior to consideration of the following amendment, the Mayor declared his pecuniary interest in relation to Connections and withdrew from the meeting.)

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

- (i) that the Mayor's Revenue Budget proposals be amended to include an additional £38,000 to be allocated from the Grant Income and Contingencies Budget for six months transitional funding of Connections to allow an options appraisal be to undertaken on the future of Customer Services; and
- (ii) that an initial options appraisal be presented to the Council at its extraordinary meeting on 7 April 2016.

A recorded vote was taken on the amendment. The vote was taken by roll call as follows: For: Councillors Barnby, Bent, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Hill, Kingscote, Lewis, Morey, O'Dwyer, Robson, Sanders, Stockman, Stocks, Stringer, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman and Winfield (25); Against: Councillors Amil, Brooks, Excell, Haddock, King, Lang, Manning, Mills, Morris, Parrott and Stubley (11); and Absent: Mayor Oliver (1). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the amendment it was declared carried.

The substantive motion (the original motion updated by the two amendments) was then before Members for consideration.

A recorded vote was taken on the substantive motion. The vote was taken by roll call as follows: For: Mayor Oliver, Councillors Amil, Barnby, Bent, Brooks, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Excell, Haddock, Hill, King, Kingscote, Lang, Lewis, Manning, Mills, Morey, Morris, O'Dwyer, Parrott, Robson, Sanders, Stockman, Stocks, Stringer, Stubley, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman and Winfield (36); and Against: Councillor Sanders (1). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the substantive motion it was declared carried.

143 Capital Plan Budget 2016/17

The Council considered the final Capital Plan Budget proposals of the Mayor (as set out in the Mayor's Record of Decision dated 19 February 2016), which he had put forward following his consideration of the objections that were made by the Council at its adjourned meeting on 11 February 2016.

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

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

- (i) that the latest position for the Council's Capital expenditure and funding for 2015/16 be noted;
- (ii) that 2016/17 Capital Strategy (set out at Appendix 1 of the submitted report) be approved;
- (iii) that prudential borrowing of £10 million for an Investment Fund to enable acquisition of properties for investment purposes to be funded from future rental income be approved. Criteria for the purchases within the Fund be presented to Council for approval in due course;
- (iv) that prudential borrowing of £3 million for essential capital repair works be approved with the cost of borrowing to be included in future year revenue budgets and that the allocation of the budget be agreed by the Executive Head – Business Services in consultation with the Chief Finance Officer and the Mayor and Group Leaders with the

Overview and Scrutiny Co-ordinator being notified in advance of any decisions;

- (v) that prudential borrowing of £0.350 million to upgrade and update the Council's CCTV equipment be approved with the cost of borrowing to be included in future year revenue budgets offset by any future external contributions and any resulting revenue savings;
- (vi) that prudential borrowing of £1.0 million for an IT Investment Fund for 2016/17 to 2019/20 be approved with the cost of borrowing to be included in future year revenue budgets and that the allocation of the Fund be agreed by Executive Director of Operations and Finance consultation with the Chief Finance Officer, the Executive Head – Customer Services and the Executive Lead for Customer Services;
- (vii) that the reallocation of £0.5m within the existing schools capital allocation to provide two mobile accommodation buildings at Paignton Community Sports Academy be approved to meet an immediate need for pupil places;
- (viii) that the Council will not take up the option in 2016/17 of using capital receipts to fund one off revenue costs of transformation to meet future budget reductions;
- (ix) that, subject to approval of (iii) to (viii) above, the budget forecast for 2016/17 to 2019/20 at Appendix 2 of the submitted report be approved as the Capital Plan; and
- (x) that the Corporate Asset Management Plan for 2015 – 2019 (as set out in Appendix 4 of the submitted report) be approved.

In accordance with Standing Order A14.4, an amendment was proposed by Councillor Thomas (D) and seconded by Councillor Darling (S):

that the Mayor's Capital Budget proposals be amended to include:

- (i) that the matrix scoring criteria for capital projects is prepared and presented to the Council for approval at its extraordinary meeting on 7 April 2016; and
- (ii) that following approval of the matrix scoring criteria by the Council on 7 April 2016, any revisions required to the Capital Plan will be presented to Council for approval at the Annual Council meeting on 11 May 2016.

A recorded vote was taken on the amendment. The vote was taken by roll call as follows: For: Mayor Oliver, Councillors Amil, Barnby, Bent, Brooks, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Excell, Haddock, Hill, King, Kingscote, Lang, Lewis, Manning, Mills, Morey, Morris, O'Dwyer, Parrott, Robson, Sanders, Stockman, Stocks, Stringer, Stubbley, Sykes, Thomas (D), Thomas (J),

Tolchard, Tyerman and Winfield (37). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the amendment it was declared carried (unanimous).

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

that it be noted that the Mayor in his response to the Council's objections does not acknowledge the request of the Council to undertake public consultation to ensure that appropriate projects are brought forward for the Paignton seafront and harbour side. Therefore, the Council resolves that public consultation will be undertaken to ensure that appropriate projects are brought forward for the Paignton seafront and harbour side (with a particular focus on Paignton Harbour) to inform the Capital Plan.

A recorded vote was taken on the amendment. The vote was taken by roll call as follows: For: Mayor Oliver, Councillors Amil, Barnby, Bent, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Excell, Haddock, Hill, King, Kingscote, Lang, Lewis, Manning, Morey, Morris, Parrott, Sanders, Stockman, Stocks, Stringer, Stubley, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman and Winfield (33); Against: Councillors Brooks, Mills and O'Dwyer (3); and Abstain: Councillor Robson (1). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the amendment it was declared carried.

(Note: At this juncture, Councillor Winfield left the meeting.)

In accordance with Standing Order A14.4, an amendment was proposed by Councillor Darling (S) and seconded by Councillor Darling (M):

that in respect of the criteria for the purchases within the £10 million Investment Fund, part of the criteria includes housing delivery investment options. The parameters of the criteria to include a commitment to fully explore and assess the merits of the Council developing its own residential property and to potentially become a landlord to increase the supply and delivery rate of affordable homes, provide more comprehensive solutions around temporary accommodation, to better meet the needs of our most vulnerable residents, tackle the indices of deprivation in the community investment areas (as identified in the Local Plan) and to provide a potential revenue income stream to the Council.

A recorded vote was taken on the amendment. The vote was taken by roll call as follows: For: Councillors Bent, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Morey, Parrott, Robson, Sanders, Stockman, Stocks, Stringer, Thomas (D) and Tolchard (16); Against: Mayor Oliver, Councillors Amil, Barnby, Brooks, Bye, Excell, Haddock, Hill, King, Kingscote, Lang, Lewis, Manning, Mills, Morris, O'Dwyer, Stubley, Sykes, Thomas (J) and Tyerman (20); and Absent: Councillor Winfield (1). Therefore, as less than two-thirds of Members present and voting had cast their vote in support of the amendment it was declared lost.

The substantive motion (the original motion updated by the two amendments in relation to matrix scoring criteria and consultation on Paignton projects) was then before Members for consideration.

A recorded vote was taken on the substantive motion. The vote was taken by roll call as follows: For: Mayor Oliver, Councillors Amil, Barnby, Bent, Brooks, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Excell, Haddock, Hill, King, Kingscote, Lang, Lewis, Manning, Mills, Morey, Morris, O'Dwyer, Parrott, Robson, Sanders, Stockman, Stocks, Stringer, Stubbley, Sykes, Thomas (D), Thomas (J), Tolchard, Tyerman (36); and Absent: Councillor Winfield (1). Therefore, as more than two-thirds of Members present and voting had cast their vote in support of the substantive motion it was declared carried (unanimous).

144 Mayor's Response to Objection to the Current Corporate Plan - Libraries

Further to the adjourned meeting of the Council held on 11 February 2016, Members considered the Record of Decision setting out the Mayor's response to the objections raised by the Council in respect of the current Corporate Plan in relation to libraries.

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

that the Council be recommended to revise the current Corporate Plan under 'Use reducing resources to best affect' as set out below (changes shown in bold text):

'Use reducing resources to best effect

Thinking for the future

We will continue to ensure we are working to maximise efficiencies, ensuring every pound and every hour of work is well spent but the scale of the budget gap means this alone will not be enough.

Therefore we will need to think and act differently:

- We may stop providing some services.
- Some services will need to be provided differently with greater community support and/or with integrated working with our partners, **including reviewing the delivery of libraries whilst maintaining libraries in Torquay, Paignton, Churston and Brixham.**

On being put to the vote, the motion was declared carried.

145 Council Tax 2016/2017

The Council received the submitted report in relation to the setting of Council Tax for 2016/17.

In accordance with legislation, the Chairman advised recorded votes would be taken on the motion.

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

- (i) that the Council is recommended to note:
 1. that in December 2015 the Council calculated the Council Tax Base for 2016/17:-
 - (a) for the whole Council area as 43,180.70, [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - (b) for dwellings in the Brixham Town Council area as 5,811.07 to which a Parish precept relates; and
 2. that the Police and Crime Commissioner for Devon and Cornwall and the Devon and Somerset Fire and Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table in paragraph (ii) 3. below.
- (ii) that the Council is recommended to approve:
 1. the Council Tax requirement for the Council's own purposes for 2016/17 (excluding Brixham Town Council) of £56,631,056;
 2. that the following amounts be calculated for the year 2016/17 in accordance with Chapter Three of the Act:
 - (a) £267,034,519 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account the precept issued to it by Brixham Town Council;
 - (b) (£210,169,615) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
 - (c) £56,864,904 being the amount by which the aggregate at (ii) 2(a) above exceeds the aggregate at (ii) 2(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (item R in the formula in Section 31B of the Act);
 - (d) £1316.91 being the amount at (ii) 2(c) above (Item R), all divided by Item T ((i) 1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);

- (e) £233,848 being the aggregate amount of all special items (Brixham Town Council) referred to in Section 34(1) of the Act;
- (f) £1,311.49 being the amount at (ii) 2(d) above less the result given by dividing the amount at (ii) 2(e) above by Item T ((i) 1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates;
3. that the Council, in accordance with Chapter Three of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings.

	Valuation Band							
	A	B	C	D	E	F	G	H
Ratio of each band to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
Torbay Council	874.33	1,020.05	1,165.77	1,311.49	1,602.93	1,894.37	2,185.82	2,622.98
Police and Crime Commissioner	115.23	134.43	153.64	172.84	211.25	249.66	288.07	345.68
Devon and Somerset Fire and Rescue Authority	53.32	62.21	71.09	79.98	97.75	115.53	133.30	159.96
Aggregate of Council Tax Requirements ex. Town Council	1,042.88	1,216.69	1,390.50	1,564.31	1,911.93	2,259.56	2,607.19	3,128.62
Brixham Town Council	26.83	31.30	35.77	40.24	49.18	58.12	67.07	80.48

Aggregate of Council Tax Requirements including Brixham Town Council	1,069.71	1,247.99	1,426.27	1,604.55	1,961.11	2,317.68	2,674.26	3,209.10
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4. that the Council's basic amount of Council Tax for 2016/17 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992 (see paragraph 5.9 of the submitted report).

A recorded vote was taken on the motion. The vote was taken by roll call as follows: For: Mayor Oliver, Councillors Amil, Barnby, Bent, Brooks, Bye, Carter, Cunningham, Darling (M), Darling (S), Doggett, Ellery, Excell, Haddock, Hill, Kingscote, Lang, Lewis, Manning, Mills, Morey, Morris, O'Dwyer, Parrott, Robson, Sanders, Stockman, Stocks, Stringer, Stubley, Sykes, Thomas (D), Thomas (J), Tolchard and Tyerman (35): and Absent: Councillors King and Winfield (2). Therefore, the motion was declared carried (unanimous).

(Note: Councillor King had left the meeting for a short period and during the recorded vote on the motion above.)

146 Proposed Change to 2015/2016 Minimum Revenue Policy

The Chairman advised that this item had been withdrawn.

147 Annual Strategic Agreement between Torbay Council, South Devon and Torbay Clinical Commissioning Group and Torbay and South Devon NHS Foundation Trust

The Council considered the submitted report on the Annual Strategic Agreement which set out the arrangements for Torbay Council and South Devon and Torbay Clinical Commissioning Group to commission Adult Care services from Torbay and South Devon NHS Foundation Trust. It was noted the Agreement set out the strategic direction to maximise choice and independence for those who required adult social care and support, together with objectives for the Trust to meet and to enable performance monitoring.

It was proposed by Councillor Parrott and seconded by Councillor Mills:

that the Annual Strategic Agreement between Torbay Council, South Devon and Torbay Clinical Commissioning Group and Torbay and South Devon NHS Foundation Trust set out at Appendix 1 (and annexes 1 to 13) to the submitted report be approved.

On being put to the vote, the motion was declared carried (unanimous).

148 Collaton St Mary Masterplan Supplementary Planning Document

Members considered the submitted report on the Collaton St Mary Masterplan which defined the nature of future development within the Collaton area, west of Paignton. It was noted this area was allocated as a Future Growth Area within the Adopted Torbay Local Plan 2012-30 to deliver approximately 460 new homes, a local centre and infrastructure.

It was proposed by Councillor King and seconded by Councillor Kingscote:

that the Collaton St Mary Masterplan, with the schedule of amendments set out in Appendix 2 to the submitted report be approved and adopted as a Supplementary Planning Document.

On being put to the vote, the motion was declared carried.

149 Relocation of Torbay School and a New Primary School in Paignton

Further to the decision of the Council at its meeting on 26 February 2015 to relocate Torbay School, the Council received revised proposals for a new site which would better meet the needs of young people attending this special school. The submitted report updated Members on the results of site investigations into the original approved site at Hillside, Torquay and the alternative proposed site at MyPlace, Paignton. It was noted that a revised officer recommendation had been circulated in the morning of 25 February 2016.

The Chairman drew Members' attention to the recommendations of the Overview and Scrutiny Board which were circulated on 23 February 2016 and invited the Overview and Scrutiny Co-Ordinator to outline the Board's recommendations.

It was then proposed by Councillor Parrott and seconded by Councillor Mills:

- (i) that, subject to the outcome of the formal consultation in (iii) below and in the event of a decision being made to relocate Torbay School to the MyPlace facility in Paignton, the decision in Minute 172(ii) 'that the Executive Head of Commercial Services be given delegated authority to agree the terms of the lease and/or procurement arrangements for the transfer of the Parkfield site (the new build), BMX and Skateboard Park to the Torbay Youth Trust' be rescinded;
- (ii) that the Director of Children's Services be requested to work in partnership with the Youth Trust to develop an alternative viable business plan, to be in place by July 2016, (within existing budget) for the continuity and development of services for young people across the Bay. That the development work should include a review of Parkfield and other potential sites to ensure that the Youth Trust will have an appropriate administrative base and good access to deliver services in areas that meets the needs of children and young people across the Bay. The new business plan needs to be approved by the Council;

- (iii) that, following the outcome of the formal consultation, the decision to relocate Torbay School to the MyPlace facility in Paignton and the subsequent transfer of the area of land edged red on the plan attached as Appendix 2 of the submitted report on a 125 year lease be delegated to the Executive Director for Operations and Finance and Director of Children's Services in consultation with the Executive Lead for Adults and Children, with an instruction being issued as part of the commercial transfer of the site to the academy sponsor, to include access in the evenings, weekends and holiday periods for the benefit of the young people of Torbay for whom the facility was built, and enabling its original purpose (subject to confirmation by the Secretary of State); and
- (iv) that in the event that a decision is made to transfer Torbay School to the MyPlace facility, the Executive Director for Operations and Finance and Director of Children's Services in consultation with the Executive Lead for Adults and Children be given delegated authority to develop the current Torbay School site at Torquay Road as a new primary school.

An amendment was proposed by Councillor Thomas (D) and seconded by Councillor Lewis:

that the decision on the relocation of Torbay School and a new primary school in Paignton be deferred to enable:

- (a) an outline financial business plan for the Youth Trust to be prepared and presented to the Council at its extraordinary meeting on 7 April 2016. The business plan to provide assurance that the proposals are financially viable and that the Youth Trust accept that the plan is sound;
- (b) the report to the Extraordinary Council meeting on 7 April 2016 to also include further details of accessibility to the facilities in the evenings, weekends and holiday periods, without incurring any financial burden and including:
- how this will be accomplished and which body will be responsible for the access;
 - greater detail of the time periods it will be available; and
 - the area of the building that will be available for access.
- (c) an explanation who will be responsible for activities at the BMX and skateboard park after the building has been leased to the Torbay School Academy.

On being put to the vote, the amendment was declared lost.

(Note: In accordance with Standing Order A19.6, Councillor Tyerman requested his abstention from voting on the amendment to be recorded.)

An amendment was proposed by Councillor Carter and seconded by Councillor Darling (S):

that the original motion (i) to (iii) is adopted; and

- (iv) that in the event that a decision is made to transfer Torbay School to the MyPlace facility, the Executive Director for Operations and Finance and the Director of Children's Services, in consultation with the Executive Lead for Children and Adults, be requested to bring forward a further report detailing the expansion of primary school places in Paignton to the Council meeting on 7 April 2016.

On being put to the vote, the amendment was declared carried.

The substantive motion (the original motion (i) to (iii) with the revised (iv)) was then before members for consideration.

On being put to the vote, the substantive motion was declared carried.

(Note: In accordance with Standing Order A19.6, Councillor Tyerman requested his abstention from voting on the substantive motion to be recorded.)

(Note: During consideration of Minute 149, Councillor Tyerman declared his non-pecuniary interest.)

150 Options for the Sustainable Support of Tourism in Torbay

At this juncture, the Chairman advised that the meeting had exceeded four hours in duration and in accordance with Standing Order A11.2, the Executive Director of Operations and Finance and the Monitoring Officer had indicated that this item must be transacted at the meeting.

Further to the decision of the Council at its meeting on 10 December 2015, the Council received the submitted report which set out options for the sustainable support of tourism in Torbay following the recent 'No' vote for the proposed Torbay Retail and Tourism Business Improvement District (TRTBID). The report also detailed proposals for the future of the English Riviera Tourist Company (ERTC).

It was proposed by Councillor Amil and seconded by Councillor Stringer:

- (i) that the Council supports, in principle, the private sector led 'English Riviera Tourism Business Improvement District' (ERTBID);
- (ii) that, subject to a favourable business plan, the Executive Director of Operations and Finance be nominated to cast the Council's votes in

favour of the 'English Riviera Tourism Business Improvement District' (ERTBID) at the time of the ballot;

- (iii) that, in the event of a 'Yes' vote for the proposed 'English Riviera Tourism Business Improvement District' (ERTBID), the Executive Director of Operations and Finance, in consultation with the Executive Lead for Tourism, Culture and Harbours, be instructed to :-
- a) decommission the provision of Destination Tourism Marketing and Visitor Information Services from 1 January 2017, wind up the English Riviera Tourism Company (ERTC) and arrange for the transfer of Destination Tourism Marketing and Visitor Information Services to the new ERTBID Company;
 - b) immediately establish an ERTC/ERTBID Project Transition Board, comprising of two Senior Officers, the Executive Lead for Tourism, Culture and Harbours and two Members from the Conservative Group and one Member from Liberal Democrat and one Member from the Independent Group, so that the Council's income and assets are properly considered in respect of the ERTC; and that the intellectual property rights of the English Riviera brand are safeguarded;
 - c) allow the ERTC/ERTBID Project Transition Board to establish and facilitate the terms upon which the official ERTC brands and logos will transfer, under license, to the new ERTBID Company;
 - d) provide Council support to facilitate the transfer of appropriate ERTC staff (including those in the Local Government Pension Scheme) to the new ERTBID Company;
 - e) negotiate and sign the ERTBID Operating Agreement on behalf of the Council; and
 - f) make an appropriate charge to the ERTBID Company each year for the duration of the ERTBID (5 years) to cover the Council's costs associated with collection of the ERTBID levy.
- (iv) that, in the event of a 'Yes' vote for the proposed 'English Riviera Tourism Business Improvement District' (ERTBID) the Council agrees to:-
- a) allocate sufficient funds to meet the ERTBID levy liability, for any applicable Council owned properties, for the term of the ERTBID (5 years);
 - b) provide a cash advance facility to the ERTBID Company, which will be returned once the ERTBID levy payments are received;

- c) delegate the approval of pension liability arrangements, including a possible guarantee, to the Chief Financial Officer in consultation with the Executive Lead for Tourism, Culture and Harbours and the Assistant Director of Corporate and Business Services;
 - d) request that the Overview and Scrutiny Board keep an oversight of how well the new ERTBID Company is meeting its aims and objectives, especially in relation to the functions, which had previously been undertaken by the ERTC and any performance issues arising from the formal Operating Agreement; and
 - e) recognise that the new ERTBID Company will take over responsibility for operating as the official Destination Marketing Organisation (DMO) for Torbay.
- (v) that, in the event of a 'No' vote for the proposed 'English Riviera Tourism Business Improvement District' (ERTBID), the Executive Director of Operations and Finance, in consultation with the Executive Lead for Tourism, Culture and Harbours, be instructed to decommission the provision of Destination Tourism Marketing and Visitor Information Services from 1 January 2017 and wind up the English Riviera Tourism Company (ERTC).

On being put to the vote, the motion was declared carried (unanimous).

(Note: Prior to consideration of Minute 150, Mayor Oliver declared his pecuniary interest and withdrew from the meeting.)

151 Duration of Meeting

In accordance with Standing Order A11.1, the Chairman invited members to vote for the meeting to continue as the meeting has exceeded four hours duration. On being put to the vote, it was resolved to adjourn the meeting.

The Chairman advised:

- (a) a written response to the Members' Questions (with the exception of Question 17 which had been dealt with earlier in the meeting) would be provided to all members; and
- (b) the remaining business on the agenda would be considered at the Extraordinary Meeting of the Council on 7 April 2016.

Chairman

Agenda Item 8

Appendix 3

Agenda Item 8, Revenue Budget 2016/2017

Cross Party Amendment (B)

Council Meeting

(Amendments shown in bold text)

Proposed Amendment:

- (i) that the Mayor's Revenue Budget proposals be amended to include an additional £38,000 to be allocated from the Grant Income and Contingencies Budget for six months transitional funding of Connections to allow an options appraisal be to undertaken on the future of Customer Services; and**
- (ii) that an initial options appraisal be presented to the Council at its extraordinary meeting on 7 April 2016.**

Proposed by Councillor Morey
Seconded by Councillor Stocks



Meeting: Council

Date: 3 February 2016

Wards Affected: All

Report Title: Revenue Budget Proposals 2016/17

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

Supporting Officer Contact Details: martin.phillips@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 net revenue budget for 2016/17, 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 objections, and then amendments for consideration at future meetings.
- 1.3 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:

- (a) that the net revenue expenditure and council tax requirement for 2016/17 as shown in paragraph 3.3, that includes the funding raised by the 2% council tax increase specifically for adult social care, be approved;
- (b) that in relation to 2.1(a) above Council confirms its commitment (by a statement signed by the s151 officer) to allocate the additional funding raised by the 2% council tax increase to adult social care in 2016/17 and in future years.
- (c) that the 2016/17 allocation of the revenue budget to services as per the budget digest and the associated fees and charges (both circulated separately) be approved;
- (d) that the Dedicated Schools Grant be used in accordance with the nationally laid down Schools Financial Regulations (para 11) and that the Chief Finance Officer be authorised to make amendments as required when the final figures are confirmed and this authorisation

be included in the officer scheme of delegation.

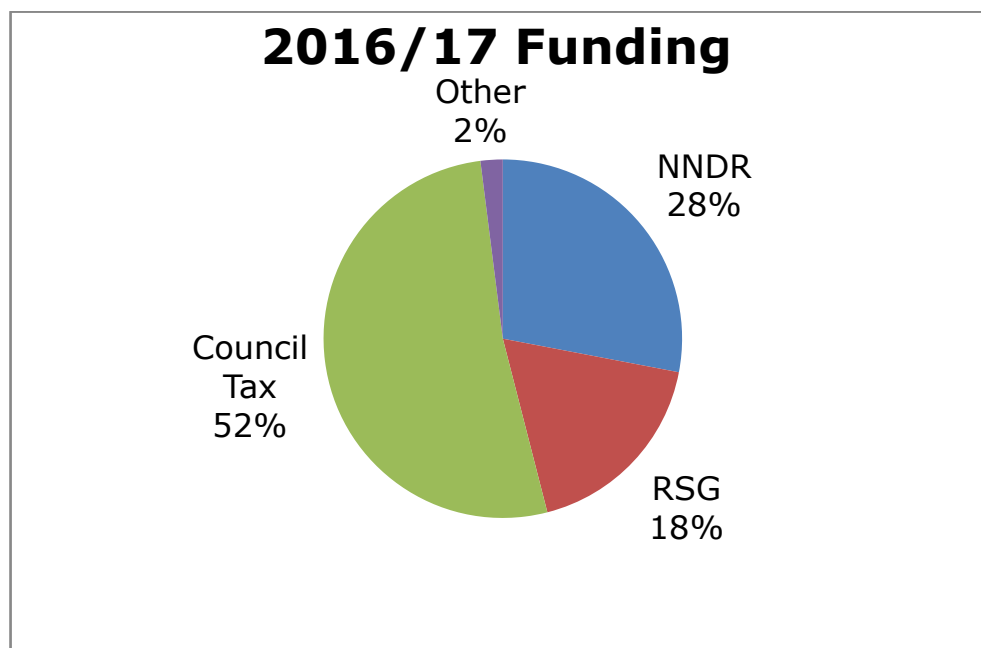
- (e) that in accordance with the requirement of the Local Government Act 2003, to consider and note the advice given by the Chief Finance Officer with respect to the robustness of the budget estimates and the adequacy of the Council's reserves (para 12);
- (f) that Council approve the temporary use of £2.5m from the Insurance Reserve in 2015/16 to fund the projected 2015/16 overspend, which is to be repaid from the 2016/17 budget.
- (g) that Council note that Brixham Town Council have yet to set their budget for 2016/17 and this precept, when known, will be included as part of the Torbay Council budget for Council Tax setting purposes.
- (h) that, subject to clarification of the acceptance process from DCLG, that Council delegate acceptance of a four year funding settlement for Revenue Support Grant to the Chief Finance Officer in consultation with the Mayor and Executive Director of Operations and Finance;
- (i) that, the Review of Reserves 2016/2017 as set out in the submitted report attached at appendix 3, be approved; and
- (j) that, the Treasury Management Strategy 2016/2017 (incorporating the Annual Investment Strategy 2016/2017 and the Minimum Revenue Provision Policy 2016/2017) as set out in the submitted report attached at appendix 4 be approved.

3. Reason for Decision

- 3.1 The Council has a statutory responsibility to set a revenue budget each year.
- 3.2 The budget proposals result in a 3.99% rise in the Torbay Council share of the Council tax bill in 2016/17 of which 2% is specifically to fund adult social care.
- 3.3 The Revenue Budget for 2016/17 is summarised as follows:

	2016/17	
	£'000	£'000
Mayor's Budget Proposal:		
Net Revenue Expenditure	107,967	
Adult Social Care funded from 2% Council Tax	1,089	
Total Net Revenue Expenditure		109,056
Funded By:		
Business Rate Retention Scheme	30,749	
Revenue Support Grant	20,055	
Other Grants	500	

Council Tax Requirement	56,631	51,304
Collection Fund - NNDR/Council Tax	1,121	
		57,752
Total Income		109,056



4 **Contents**

4.1 This budget report contains the following sections:

Section	Heading
5	Budget Overview 2016/17
6	Updates to November 2015 Budget Proposals
7	Corporate Peer Review (by Local Government Association)
8	Future Actions – Four year Efficiency Plan
9	Council Funding in Longer Term Future
10	Revenue budget for 2016/17
11	Dedicated Schools Grant
12	S151 officer statements
13	Update on the financial position within Children's Social Care.

- 14 Update on the financial position within Adult Social Care.
 - 15 Funding Settlement – December 2015
 - 16 Risk and mitigation
 - 17 Estimation of Collection Fund Surplus/Deficit (Council Tax and National Non Domestic Rates - NNDR)
 - 18 Council Tax and Referendum Limits
 - 19 Better Care Fund
 - 20 List of Appendices
- 4.2 This report covers the Revenue Budget 2016/17. Other budget related reports being presented to Council alongside this report are:
- a) 2015/16 Revenue Budget Monitoring Report – Quarter Three
 - b) 2015/16 Capital Plan Update Report – Quarter three, including Capital Plan 2016/17, Capital Strategy and Asset Management Plan
 - c) 2016/17 Treasury Management Strategy, including Investment Policy and Minimum Revenue Provision Policy
 - d) 2016/17 Review of Reserves
- 4.3 Budget Digest pages, Fees and Charges and updated budget proposals sheets are available separately.

5. Budget Overview 2016/17

- 5.1. The 2016/17 budget is for the first financial year after the election of the Conservative Government in May 2015. Subsequent government announcements including the four year Spending Review (November 2015) and the provisional Local Government Finance Settlement (December 2015) has confirmed the continuation of the national “austerity” process where local government funding is being significantly reduced as demand for services and service costs continue to rise.
- 5.2. The Council’s financial planning for 2016/17 started in June 2015 and the Mayor’s provisional budget proposals were published on 6 November 2015 enabling three months for consultation and scrutiny of the proposals.
- 5.3. The proposals for 2016/17 have required over £10m of additional reductions to achieve a balanced budget. This has required the proposal of a number of tough choices for the Council. The reductions identified for 2016/17 are a good step towards the total estimated reductions required over the next four years, but this is in the context of an a estimated £20m of further reductions to be achieved.
- 5.4. The proposals have sought to limit the impact of the reductions on the more vulnerable in society and within Children’s social care the Council is

recommended to invest additional funds for the safeguarding of children.

- 5.5. To support the tough budget challenges facing the Council it is recommended that Council increases its Council Tax requirement by 1.99%. In addition the Council is recommended to take the option of supporting adult social care by raising the Council tax by a further 2%. The Council tax Freeze grant available in previous years is not an option now offered by central government.
- 5.6. Members of the Overview and Scrutiny Board (Priorities and Resources) examined the proposals in detail and stakeholders and residents have had the opportunity to make representations on the proposals through the consultation. The Mayor reviewed all of the responses received and the final saving proposals were drawn up after consideration of the responses.
- 5.7. It is essential that Members consider the 2016/17 budget proposals in the context of the significant future year budget reductions required.
- 5.8. The provisional Local Government Finance Settlement (17/12/15) for 2016/17 was better than estimated as the reductions in Revenue Support Grant (RSG) have been spread over four years not three. The RSG reduction over four years was £21m less than the MTRP estimate of £24m. In addition the funding for the implications of the Care Act has now been transferred into RSG.
- 5.9. In accordance with the Council's constitution, Members are being asked to either confirm their agreement to the recommended budget or put forward objections and then amendments for consideration at future meetings.

6. **Updates to November 2015 Budget Proposals**

- 6.1 The budget has been updated as the various funding and income streams have been confirmed, such as council tax base (set by Council in December 2015), NNDR income (January 2016), 2% Council tax option for Adult Social Care, Revenue Support grant (announced by DCLG December 2015), Collection Fund Surplus (January 2016) and specific grant allocations (ongoing from December 2015).
- 6.2 As a result of funding changes and the consultation of the budget the following changes to the November 2015 Budget Proposals have been applied.

	2016/17	
	£'000	£'000
Mayor's Budget Proposal: November 2015		104,552
Funding Changes:		
Revenue Support Grant	2,847	
Final Council Tax Base	385	
2% Council Tax for Adult Social Care	1,089	
Other Funding Changes	183	
Total Funding Changes		4,504
Service Expenditure Changes:		
Repay Reserve re 2015/16 overspend (one off)	2,500	
2% Council Tax - Adult Social Care (base budget)	1,089	
Investment in Transformation (one off)	500	
Investment in Transformation (base budget)	100	
Care Act costs (base budget)	300	
Mayoral Referendum (one off)	85	
Mayoral Revised Proposals (base budget)	73	
New Responsibilities from RSG	10	
Other Service Changes	(153)	
Total Expenditure Changes		4,504
Mayors Budget Proposal: February 2016		109,056

- 6.3 Since the Mayor's budget proposals were issued on 6th November 2015 the Mayor has considered the views of the community and Members by means of a consultation exercise, the results of the Priorities and Resources Panel's scrutiny of the proposals, representations from the community and the latest updates of council funding.
- 6.4 The results of the consultation have been included within each relevant equality impact assessment. These have been circulated separately as part of budget digest.
- 6.5 The budget proposals issued in November 6th 2015 have been updated for any changes to those proposals. Any new proposals have been included in this report. These have also been circulated separately as part of budget digest. A summary of changes in expenditure and income budgets since the initial proposals are summarised below:

Funding Change	Value £000's	Comment/Proposal
Revenue Support Grant	(2,847,000)	Provisional Settlement (17/12/15) for 2016/17 better than estimated as reductions spread over four years not three, and RSG reduction over four years was £21m not £24m. In addition care act funding is now transferred to RSG.
Council Tax Income	(385,000)	Final taxbase set by Council (5/12/15) higher than forecast primarily due to changes in mix and number of claims for Council Tax Support Scheme
Council Tax Income	(1,089,000)	Provisional Settlement (17/12/15) confirmed option of a 2% increase in council tax to fund adult social care which the Mayor is proposing to Council to accept.
Other Grant and Funding changes	(183,000)	Latest estimates of other grant funding such as Education Support Grant & NNDR.
Sub Total	(4,504,000)	
Budget Change	Value £000's	Comment/Proposal
Contribution to Reserves (one off)	2,500,000	In 2015/16 to use insurance reserve to fund 2015/16 predicted overspend and then repay Insurance Reserve in 2016/17.
Adult Social Care	1,089,000	Allocation of additional 2% on Council tax to adult social care
Care Act costs	300,000	As care act costs now part of RSG, Council needs to budget for its estimated costs in relation to the Care Act in 2016/17
Investment in Transformation	600,000	Linked to a Corporate Peer Review recommendation £100,000 to support the establishment of a transformation team supported by a, one off, allocation of £500,000 to fund transformation initiatives
Mayoral Referendum (one off)	85,000	Cost of mayoral referendum following Council decision
Increase in Car Parking income budget	(25,000)	Increase in Car Parking income budget based on 2015/16 income levels.

Museums	3,000	Proposed reduction to Brixham museum changed by £3,000. (16/17 grant to Brixham to be £13,000 and £37,000 to Torquay). In addition £20,000 for Torquay and £5,000 for Brixham to be transferred from CSR Reserve to a specific Museum reserve to support the self sufficiency of the service in the future.
Harbours	50,000	To accept the proposal of the harbours committee to contribute £147,000 to the general fund rather than the £197,000 proposed.
Torbay Coast and Countryside Trust	15,000	To withdraw the proposed £15,000 reduction in 2016/17
Spatial Planning	10,000	New Council responsibilities for drainage linked to planning and carbon monoxide within Local Government Finance Settlement
Street Wardens	75,000 (50,000)	To provide sufficient funding to enable 4 street wardens to be retained. £50,000 funding in 2016/17 to be transitional pending a review of the service.
Food Safety	0	To replace proposed expenditure reduction in this function by new income streams.
Members Allowances	5,000	To withdraw proposal for an expenditure reduction in harbour and audit committee Special Responsibility Allowances.
Tourism Funding	0	To implement reduction in funding to English Riviera Tourism Company supported by Council decision to provide funding up to £200,000 from reserves to fund ERTC to end of December 2016
Destination Marketing	0	To re allocate proposed budget of £40,000 for the Council's BID levy costs for the proposed TRBID to support destination marketing and any Council bid levy costs on a TBID.
Other Service Changes	(153,000)	Latest estimates of service specific grants, Devon-wide NNDR Pool gain, other NNDR and allocation of balance to Council contingency budget.
Service Changes	4,504,000	

- 6.6 A summary of the budget build for 2016/17 is included in Budget Digest information.
- 6.7 The Overview and Scrutiny Board have scrutinised the budget proposals over the past three months and have made a number of observations and recommendations. The Mayor has considered these points and a summary of the recommendations raised and responses are listed in the table below:

Issue	Response
<p>That the Council becomes more commercially driven and that it should market itself and its facilities more effectively.</p>	<p>Accepted.</p> <p>Review of Reserves report identified £0.5m for an “invest for income” reserve with the aim of increasing service income and commercialisation of services.</p> <p>In addition the Capital Plan proposes a £10m investment fund.</p>
<p>That the Board is confident that the proposed budget for Children’s Services for 2016/2017 is adequate and appreciates that the Director of Children’s Services and the Assistant Director – Children’s Safeguarding concur that it is adequate. However, the Board still need to see the detail of how it will be achieved and that there is pace of change to ensure that a balanced budget is delivered. The Board will require an update on the financial position when it considers the progress report on the Improvement Plan and will continue to hold the Executive Lead for Children’s Services and the Director of Children’s Services to account in this regard.</p>	<p>Noted.</p> <p>The Mayor and Executive lead for Childrens and Adults welcomes the support from the Board and Audit Committee.</p>
<p>That robust monitoring of the Integrated Care Organisation be established to ensure councillors can satisfy themselves that performance and budget targets are being met.</p>	<p>Accepted.</p> <p>Regular performance challenge information and review meeting are developing with the new organisation.</p>
<p>That, within the next six months, the Torbay Community Development Trust be invited to a future Councillor Conversation to share its outcomes and how it aims</p>	<p>Accepted</p>

to become self-sustaining.	
That the Council's enforcement regime, as a whole, be reviewed to ensure that the scarce resources are used to best effect and that possible reputational damage is minimised.	Accepted, Officers to be requested to review this issue and report back to the Mayor during 2016 as part of the transformation plans.
That four street wardens be retained with funding being returned to the base budget.	Accepted (in part), For 2016/17 funding provided in budget to employ four street wardens. £50,000 of this funding to be transitional from CSR reserve pending a review of the function.
That the proposal in relation to highways is not implemented and that consideration be given to alternative options for ensuring the long term maintenance of the highway.	Not accepted due to the level of reduction faced by the council in future years. In mitigation the Council will continue to seek funding from other bodies such as the LEP (Western Corridor, Torquay Gateway etc). Similar to the recent prudential borrowing case for street lighting the Council will look to best practice elsewhere to consider a business case for prudential borrowing to invest in road network to reduce future repair costs. The Spending Review stated that there would be £250 million provided for "pothole repair" over the next five years. 2016/17 allocation for Torbay yet to be announced.
That a review of all of the Council's assets (including highways) be brought forward to consider how we best use, utilise and maintain them.	Noted. Council premises budgets were centralised for greater efficiency and prioritisation in 2015/16. In addition capital plan proposes £3m for essential R&M works. Corporate Peer Review action plan includes a review of asset disposals and usage and the Asset Management Plan has an increased focus on the review of the use and disposal of Council assets.
That a review of all of the museums in Torbay be undertaken in the next six months.	Noted. Discussions have started with both museums with the aim of making both self sufficient in future years with transformation funding of £25,000 from the Council. As a result £3,000 increase to the proposed Brixham museum grant in 2016/17.

That a review of how to make a significant reduction in the budget for recreation and landscape be undertaken and that a coherent plan for involving the community in providing the service be implemented as a matter of urgency.	Accepted. For 16/17 budget process all budgets were considered. Some budgets where reductions/income targets were set for 15/16 or where there are longer term contracts were assessed as limited potential in short term for further reductions. However reductions will be brought forward over the next three years.
That further consideration be given to reduce the number of libraries in Torbay in the next six months.	Noted; Future years plans will bring forward proposals for changes to the library service both in terms of its operation and location
That a representative of the Overview and Scrutiny Board attend the newly established monitoring meetings with the Riviera International Conference Centre.	Accepted. Meetings to be arranged by Council's representative on the Board.
That the Comprehensive Spending Review Reserve be replenished to ensure that the costs of exit packages can be met moving forward.	Accepted. Review of Reserves report has a recommendation to that effect.
That the redesign of Beach Services should happen at pace to maximise the income to the Council from these assets.	Accepted.

7 Corporate Peer Review

- 7.1 The budget proposals now include a number of recommendations as a result of the findings in the December 2015 Corporate Peer Review by the Local Government Association. These include investment in capacity for transformation, investment in training and development of staff and members and an increased focus on income generation. There are a number of other financial recommendations from the Corporate Peer Review report that will be brought forward for approval in the future including a recalculation of the council's annual capital financing costs (MRP policy).

8 Future Actions – Four Year Efficiency Plan

- 8.1 DCLG, in the provisional local government finance settlement, announced an (optional) four year funding settlement. Councils can accept DCLG's offer of a four year minimum funding settlement subject to Councils having an "efficiency plan". The plan will demonstrate how the council will achieve a balanced budget over the next four years.

- 8.2 DCLG has yet to announce the process or timescale for Councils to accept the four year revenue support grant settlement. It is therefore recommended that, subject to the clarification of the acceptance process from DCLG, that Council delegate acceptance of four year funding settlement to the Chief Finance Officer in consultation with Mayor and Executive Director of Operations and Finance.
- 8.3 It is expected that the Council's Medium Term Resource Plan will be expanded to include a summary of expenditure and income proposals for the next four years to form the basis of the 'efficiency plan'. This will inevitably be subject to frequent updates over the four years as ideas and aspirations become proposals prior to approval by Council.
- 8.4 The Medium Term Resource Plan will be updated by end of March 2016 to include the 2016/17 budget and the latest estimates of future year costs and funding. The provisional local government finance settlement showed a reduction of RSG from a restated 2015/16 figure of £27m to £6m by 2019/20. As a guide, prior to more detailed work being undertaken, it is estimated that between 2017/18 and 2019/20 the Council will require in the region of £19m of reductions to achieve a balanced budget.
- 8.5 Although there is some certainty over future year RSG allocations there is uncertainty over a number of other elements of council funding in future years. The government has announced its intention to review New Homes Bonus Grant, the introduction of 100% NNDR retention by Councils and potential allocation of new responsibilities to councils, allocation of funds for adult social care in the Better Care Fund and the changes to funding from the 2017 NNDR revaluation process. All of these could impact significantly on future year council budgets.

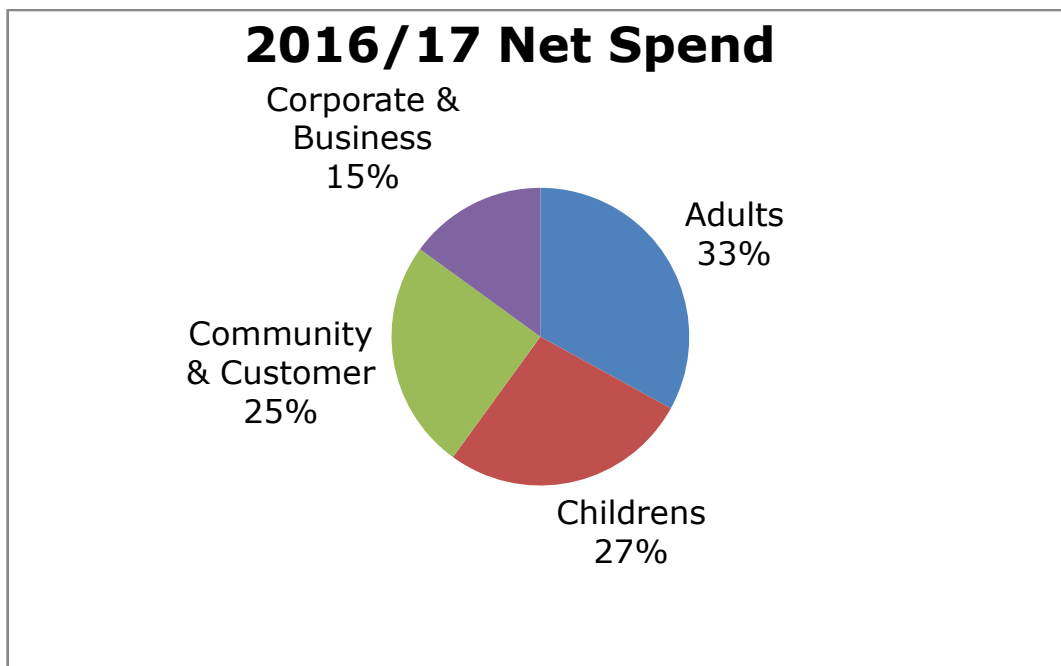
9 Longer Term Future Council Funding

- 9.1 It is important for Members to be updated and then consider the potential future funding position for Councils by the end of the current parliament and what actions need to be taken in the short term. Central Government proposals are for Councils to retain 100% of NNDR while removing revenue support grant completely. In addition NNDR income may also replace other grant funding such as public health and housing benefit administration grant.
- 9.2 The aim is that Councils will then be self sufficient from central government "general" funding with Council funding being council tax and NNDR.
- 9.3 Councils therefore have a clear incentive that to secure funding for services in the future, there has to be increases in both its council tax base (housing) and NNDR (business).
- 9.4 This reliance on local taxation as the prime source of funding has risks as the link between a council's need for funding to provide services (linked to population and demand) and its funding now linked to economic growth may not move in a similar direction. In addition NNDR income is volatile and is, to a large extent, outside a Council's direct control. For example in 2015 a high court judgement on NNDR for GP surgeries has reduced Councils' NNDR tax income in 2015/16 and future years. Under 100% NNDR income Torbay Council would have to fund all the cost implications of this judgement over which it had no control.

10 Revenue Budget for 2016/17

- 10.1 Council are being asked to approve a figure as the total net revenue budget for 2016/17 and the budget that will be required to be funded from Council tax. The value of Council tax required which will result in a rise in the Torbay element of the Council Tax of 3.99% is £56.631 million. A 3.99% rise will increase the Band D Council Tax in Torbay by £50.32 (of which the 2% rise for adult social care is £25.22).
- 10.2 When the Council formally sets the Council tax, the Council's budget has to include the budget for the Brixham Town Council (due to be confirmed 18th February 2016). The value of this precept will be included as part of the Torbay Council budget for Council Tax setting purposes.
- 10.3 The Council is being asked to approve the allocation of the 2016/17 revenue budget to individual services as identified in the "budget digest" pages circulated separately.
- 10.4 The allocation of budget to services is a key part of the council's financial control arrangements. The Financial Regulations in the Constitution govern any subsequent in-year budget changes.
- 10.5 The approval of fees and charges for 2016/17, in addition to supporting the achievement of budgeted income, provides clarity to services and service users. The Officer Scheme of Delegation governs any subsequent in year fees and charges changes.
- 10.6 **A summary of budget by Service area is shown in the table below.**

Business Unit/Service	Expenditure	Income	Net
	£000's	£000's	£000's
Joint Commissioning Team (JCT)			
Adult Social Care Total	36,647	(728)	35,919
Childrens Services	79,071	(50,116)	28,955
Public Health and Community Safety	9,469	(9,379)	90
Sub Total – Joint Commissioning Team	125,187	(60,223)	64,964
Joint Operations Team (JCT)			
Community & Customer Services	103,127	(75,504)	27,623
Corporate & Business Services	41,211	(24,742)	16,469
Sub Total – Joint Operations Team	144,338	(100,246)	44,092
TOTAL	269,525	(160,469)	109,056



11 Dedicated Schools Grant

- 11.1 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. For 2016/17 the allocation of Dedicated Schools Grant (DSG) before Academy recoupment is £89.0m. Of this total it is recommended that approximately £37.0 m be included in the Council's budget for schools related expenditure for its own schools (i.e maintained schools). It should be noted that this estimated figure will be adjusted throughout the year to reflect changes to early years funding and Academy conversions. The Chief Finance Officer (CFO) be authorised to make appropriate changes as and when the funding changes.

12 S151 Officer Statements

- 12.1 In accordance with the requirement of the Local Government Act 2003 the Chief Finance Officer must report to Council on "the robustness of the estimates made for the purposes of the (budget) calculations" and the "adequacy of the proposed financial reserves".
- 12.2 Detail on the key financial risks facing the Council and the potential mitigation are included in paragraph 16 below.
- 12.3 Chief Finance Officer Statement.
- 12.4 *"Based on information and assurances from Senior Members and Senior Officers I can give an opinion that the 2016/17 budget is based on robust budget estimates. There are a number of significant risks facing the Council, however with the benefit of close working with officers, members and, where appropriate, partners, these can be promptly identified and mitigating action taken. This opinion is supported by the maintenance of council reserves at a prudent level"*

and the development of a four year “efficiency plan” to achieve a balanced and robust budget for the next four years.

- 12.5 In relation to reserve levels, the statement in the review of reserves report is
- 12.6 *“The Council is facing unprecedented financial challenges. At this time I am satisfied that the Council’s General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council’s Financial Plans for 2016/17 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment, if the following actions are undertaken:*
- a) Funding of £2.5m is identified to refund the use of reserves for the 2015/16 projected overspend*
 - b) The CSR has a minimum balance of £1.0m for 2016/17*
 - c) The General Fund reserve has a minimum balance equal to 4% of net budget*
 - d) For 2017/18 and future years a minimum ongoing balance is maintained in the CSR reserve of £1m*
 - e) That Children’s Services do not require the future use of any earmarked reserves.*
 - f) that a balanced budget can be set for 2016/17”*
- 12.7 If the budget proposals in this report and in the review of reserves are approved by Council this will mitigate the issues raised above.

13 Update on the financial position within Children’s Social Care.

- 13.1 The children’s services five year recovery plan approved by council in October 2014 has subsequently proved to have been unrealistic in its targets. As a result, linked in part to the Ofsted inspection, the financial position in Children’s has been reviewed in detail by officers and members of the Audit committee. The Ofsted report noted that “Torbay’s children’s services benefit from a well-resourced workforce with manageable caseloads”.
- 13.2 An update report is included with this report that reflects the latest plan for changes within the service – appendix two.
- 13.3 In relation to 2016/17 the Director of Children’s Services is confident that the proposed 2016/17 budget for Children’s is achievable linked to the addition of £2m as per the budget proposals. The progress report makes the following statements:
- a) That Children’s Services are committed to deliver services within the proposed 2016/17 budget.
 - b) That the 2016/17 proposed budget of £28.9m is sufficient to cover service delivery.
- 13.4 The October 2014 cost recovery plan will be further updated by end of March 2016 by the DCS in conjunction with support from the Integrated Care Organisation.

13.5 In relation to the original plan the proposed reduced use of reserve in 2016/17 by £1.2m and a further £1.1m in 2017/18 is achievable; however at this stage no projection on the timing has been made in relation the repayment of reserves from future savings in the service.

14. **Update on the financial position within Adult Social Care.**

14.1 From October 2015, with the start of the Integrated Care Organisation (ICO), the Council now has a 9% risk share of the total financial performance of the ICO (approx £400m).

14.2 The ICO in 2016/17 faces a challenging year with funding pressures from all three partners to the risk share. The Council is having regular meetings with both the ICO and Clinical Commissioning Group to agree a risk share for 2016/17 with all three partners committed to making the partnership work.

15 **Funding Settlement – December 2015**

15.1 The Chancellor announced the Spending Review for the next four years in November 2015. After this, individual government departments can then announce their grant allocations for 2016/17. The DCLG announced the provisional Revenue Support Grant (RSG) allocation in the Local Government Finance Settlement on 17th December 2015.

15.2 The key issues from the announcements (to date) are as follows:

- Four year Revenue Support Grant announced, which Councils will have the choice of accepting subject to an efficiency plan.
- Torbay RSG to reduce from a (restated) 2015/16 £27m to £6m by 2019/20.
- Torbay RSG to reduce by £7m in 2016/17 from a (restated) 2015/16 £27m to £20m.
- Local Government Association estimate of a national 24% reduction in core council funding over four years.
Care Act grant now part of RSG, so future Care Act costs not funded by central government.
- Confirmation of 2% Council tax rise option for adult social care.
- Council tax freeze grants not now an option. DCLG forecasts of spending power assume council tax rises taken, implying a shift from national to local taxation.
- Referendum limit set at 2% and over for 2016/17 (excluding the 2% for adult social care). DCLG assumption is that Council Tax rises linked to CPI.
- Consultation on new homes bonus grant with aim of cutting grant by £0.8 billion by 2019/20 – with an impact on Torbay's new homes bonus grant and future incentives for growth.
- £1.5 billion by 2019/20 for adult social care to be part of better care fund is to be part funded by the reduction in new homes bonus grant which has a funding redistribution impact from lower tier councils to higher tier councils.
- The allocation of the £1.5 billion to be based on both relative need and the ability of councils to raise funds using the 2% council tax rise for

adult social care.

- No (national) support for funding issues in Children's Social Care.
- 100% NNDR retention (currently 49%) by “end of parliament”. The introduction of this change will be fiscally neutral as RSG and other funding will be adjusted and, as yet unnamed, new responsibilities to be passed to Councils. This could include public health, housing benefit administration and attendance allowances.
- 10% reduction in 2016/17 for housing benefit administration grant.
- Public Health 2016/17 grant not yet announced but is expected to be a further 4% reduction in addition to the 6% reduction 'in year' for 2015/16.

15.3 Note: in writing this report (26/1/16) the final local government finance settlement has not been issued by DCLG.

15.4 It should be noted that although a four year RSG settlement was announced there is increasingly uncertainty over future funding as DCLG have announced a number of consultations and reviews. In addition a number of Councils have raised objections to the settlement which is accepted could result in changes to the grant totals announced in the provisional settlement.

16 Risk and mitigation

16.1 To mitigate against risks to the achievability of the 2016/17 budget a number of assumptions are made in the development of the budget for 2016/17. A list of specific risks and their mitigation are shown below:

Risk	Mitigation
Achieve 2016/17 budget reductions	Monthly monitoring of current year financial position by Senior Leadership Team including a “savings tracker”. Uncommitted balance of £1.5m within Comprehensive Spending Review Reserve. Contingency budget in 2016/17 revenue budget. 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.
Achieve 2016/17 Adult Social Care budget	9% Risk Share of Total ICO position. Monthly performance and financial monitoring. Finalise Annual Strategic Agreement in July 2016. Allocation of 2% Council tax increase to support adult social care.
Achieve 2016/17 Children's Services budget	Progress report and commitment to budget by DCS. Regular financial reporting to Improvement Board Corporate challenge on financial performance as part of transformational plan. Revised Financial Recovery Plan by end of March 2016 A more robust staff recruitment approval process.
Unknown financial issues	Review of Reserves report. £4.4m maintained in general fund balance. Networking with peers to understand national issues and their implications
Interest rate exposure	Low risks as rate forecasts are to remain at a low level in 2016/17. Approval of Treasury Management Strategy
Inflationary pressures	Low risk as inflation forecast is low. Pay award offer made at 1%.
Insufficient capacity for transformation – Council, partner and community	Allocation of £0.6m for transformation within 2016/17 budget
Insufficient Income generated in future years	Allocation of £0.5m in a “invest for income” reserve. Capital proposal for a £10m investment fund funded from prudential borrowing.

Loss of judicial review appeal for care homes	Consultation currently ongoing for a part payment of fees. Court appeal on fee element in dispute not to be heard until November 2016.
Inability to deliver a four year balanced budget	Update of MTRP Development of a four year “efficiency” plan supported by a transformation programme.
Insufficient reserve levels	Review of Reserves report. £4.4m maintained in general fund balance. Recommendation to allocate funds to CSR Reserve.

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

17.1 Council Tax

17.2 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%.

17.3 The latest estimate of the Collection Fund in year in respect of Council Tax as at 31 March 2016 is a £2.5m surplus.

17.4 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 2015/16. The estimated share of the 2015/16 surplus to be distributed in 2016/17 is as follows:

Table 2

	Share of Surplus £m	Share %
Torbay Council	2.100	84%
Devon and Cornwall Police and Crime Commissioners Office	0.281	11%

Devon and Somerset Fire and Rescue Authority	0.130	5%
Totals	2.511	100%

17.5 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.

17.6 National Non Domestic Rates

17.7 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 an extract is attached as appendix One. The full return can be accessed on the following link.

<http://www.torbay.gov.uk/index/yourcouncil/financialservices/budget/nondomrates1-1617.pdf>

17.8 Overall the Council has declared an estimated deficit position of £2.0m on its Collection Fund in respect of NNDR as at 31st March 2016. This is apportioned between the Council (49%), the Devon and Somerset Fire and Rescue Authority (1%) and central government (DCLG) (50%). The Council's share of the deficit is £979,000. The NNDR reserve will be used in 2016/17 to smooth the impact and timing of this variance between the section 31 NNDR grant and the NNDR deficit being funded.

17.9 The deficit in 2015/16 is primarily linked to a national judgment that enabled GP Surgeries to submit backdated appeals for NNDR.

18 Council Tax and Referendum Limits

18.1 To control the level which local authorities increase council tax, the Government has set limits on rises at which point a referendum would be required. This has been set at 2% or over for 2016/17. The Council budget proposal is for a 1.99% increase in this element.

18.2 The Council is responsible for social care and is therefore able to raise its council tax from April 2016 by a further 2% each year subject to the increased tax income being allocated to adult social care. The budget proposal is for a 2.0% increase in this element, therefore a 3.99% rise in the Torbay share of the overall Council Tax for 2016/17 is proposed.

18.3 Members will be aware the Council Tax bill 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.

18.4 At the time of writing this report, Brixham Town Council, the Devon and Cornwall Police and Crime Commissioner's Office and the Devon and Somerset Fire and Rescue Authority have not set their budgets for 2016/17 and council tax level. Once these have been declared they will be included within the Council Tax Setting report which will be presented to Members at the end of February 2016.

19 **Better Care Fund**

19.1 From April 2015 central government integrated some social care funding and some health funding into a Better Care Fund which is run as a pooled budget between the Council and the Clinical Commissioning Group (CCG) as the host. For the Council this includes the s256 funds the Council had received for adult social care.

19.2 When the 2016/17 Better Care Fund allocations are confirmed this income will be included in the 2016/17 budget with expenditure to be on Adult Social Care linked to the Annual Strategic Agreement with the ICO.

20 **Appendices**

Appendix 1 - NNDR1 2016/17

Appendix 2 - Children's Services Financial Plan – Progress Report

Appendix 3 – Review of Reserves 2016/2017

Appendix 4 – Treasury Management Strategy 2016/2017 (incorporating the Annual Investment Strategy 2016/2017 and the Minimum Revenue Provision Policy 2016/2017

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2016-17

Please e-mail to nndr.statistics@communities.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 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

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PART 1B PAYMENTS

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

The payments to be made during the course of 2016-17 to

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7 and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Torbay	Column 3	Column 4 Devon and Somerset Fire Authority	Column 5 Total
Retained NNDR shares	£	£	£	£	£
13 % of non domestic rating income to be allocated to each authority	50%	49%	0%	1%	100%
Non-Domestic Rating Income for 2016-17					
14. Non-domestic rating income from rates retention scheme	18,656,112	18,282,989	0	373,123	37,312,223
15. (less) qualifying relief in Enterprise Zones	0	0	0	0	0
16 Not used this year					
17 TOTAL	18,656,112	18,282,989	0	373,123	37,312,223
Other Income for 2016-17					
18. add cost of collection allowance		201,543			201,543
19. add amounts retained in respect of Designated Areas		0			0
20. add amounts retained in respect of renewable energy schemes		0	0		0
21. add qualifying relief in Enterprise Zones		0	0	0	0
22. add City of London Offset		0			0
23 Not used this year					
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
24. Estimated Surplus/Deficit at end of 2015-16	-698,722	-678,747	0	-19,974	-1,997,443
TOTAL FOR THE YEAR					
25. Total amount due to authorities	17,657,390	17,505,785	0	353,148	35,516,323



Meeting: Council On: 3rd February 2016

Wards Affected: All

Report Title: Review of Reserves 2016/17

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

Supporting Officer Contact Details: Martin Phillips, Chief Finance Officer, 01803 207285, martin.phillips@torbay.gov.uk

1. Purpose

1.1 The Council holds a number of reserves as part of its approach to maintaining a sound financial position, protecting the Council to some degree from volatility in the risk in its budget going forward. The requirement for financial reserves is linked to legislation such as the Local Government Act 1992 which requires Councils to “have regard” to the level of reserves needed to meet future expenditure when calculating a budget. Part of sound financial management is to assess the adequacy of these reserves and release those reserves no longer required.

2. Proposed Decision

- 2.1 That the transfer of £1,435,000 identified from a number of individual earmarked reserves (see paragraph A2.9) to the following reserves be approved:
- a) £500,000 to a new “Invest for Income” reserve to fund initiatives that lead to increased income to the Council to support future year revenue budgets (in accordance with the Corporate Peer Challenge (CPC) action plan);
 - b) £50,000 to a new Capacity Building reserve to support training and development of staff and members (in accordance with the CPC action plan); and
 - c) Balance of £885,000 to the Comprehensive Spending Review reserve to support 2016/17 and future year budget pressures such as exit packages for staff, transitional funding (if required) and a contingency for any in year 2016/17 budget variances.
- 2.2 That it be noted that, at this point in time, Children's Services are unlikely to be able to repay £3.4m in the short term to earmarked reserves, as identified in the Children's Services Recovery Plan (October 2014).
- 2.3 That the future repayment of the earmarked reserves of £3.4m as per the Children's Services Recovery Plan (October 2014 version) and the £1.5m repayment to the PFI reserve be included in future year Annual Strategic Agreements with the Integrated Care Organisation (ICO) and in the ICO business plan for the proposed Children's Services transfer to the ICO.
- 2.4 That the significant financial pressures facing the Council in future years be noted and that, as a principle, the allocation of additional funds, as required, to the Comprehensive Spending Review Reserve in each budget process to maintain an ongoing minimum balance in the reserve of £1m be agreed.

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 The Council has had unprecedented financial challenges from reduced funding levels over the past few years and is facing a further £21m reduction in its Revenue Support Grant from 2015/16 to 2019/20, in

addition to any future expenditure pressures. The Council is also facing significant financial pressures from Children's social care which is estimated to result in a £2.8m overspend in 2015/16, and to a lesser extent from Adult Social Care.

- 3.3 As part of the Children's Services 5 Year Cost Reduction Plan approved by Council in October 2014, it was recommended that Council approve the transfer of £3.4m from a number of reserves to fund planned spend within Children's Services, with the service repaying the reserve in 2017/18 & 2018/19. The Review of Reserves report stated last year that "It is important that these reserves are repaid or there will be additional budget pressures for other services within the Council". The Children's Services recovery plan, in the light of the current financial position and the recent Ofsted inspection, is being revisited. After the plan is revised and appropriately challenged, the impact on council reserves will be incorporated into future versions of this report and the medium term resource plan. At this stage the planned reductions in the use of reserves, as per the October 2014 Plan for 2016/17 of £1.2m and a further £1.1m in 2017/18 have been included, however at this stage it is considered unlikely that Children's Services will be able to make any repayment in the next few years.
- 3.4 As part of the 2014/15 Review of Reserves the Council approved "the transfer of £1.5m from the PFI Sinking Fund to Children's Services on an "invest to save" basis. Children's Services to repay the reserve in future years". Members are reminded that if the reserve is not repaid then it will be necessary for Children's Services to fund the future costs of the PFI school contract.
- 3.5 This report is highly influenced by the significant financial risks facing the Council both from current financial pressures within Children's social care (safeguarding and wellbeing) and the substantial budget reductions predicted for future years. There is a risk that, without mitigation, in future years the Council will not have enough identified reserves to support any one off expenditure required to meet any in year budget shortfalls, costs for restructuring due to budget reductions, the approved Children's Services Cost Reduction Plan and any delays in implementing savings.
- 3.6 Due to the significant financial risks facing the Council in 2016/17 and future years it is essential that the Council's reserves provide a sufficient contingency to meet this increasing risk and to ensure a robust budget. It is recommended that a minimum of £1.5m is held within the CSR reserve as a contingency for 2016/17 in year pressures. This is in addition to the general fund balance. A sum will be added per annum to this reserve to replenish the balance to a minimum of £1m each year from 2017/18 onwards and this will be included in future financial planning.
- 3.7 To support the Council's response to finding additional budget reductions over the period of the Spending Review 2015 it is recommended that a separate "invest for income" reserve of £500,000 is established to invest in income opportunities, to be used, for example, to introduce new income streams and increase commercial activities. Allocation of this reserve to be authorised by the Chief Finance Officer, in consultation with the Executive Director of Operations and Finance, based on the business case presented. This reserve is separate to any proposed capacity building or service transformation reserve.
- 3.8 One of the Corporate Peer Challenge recommendations was to "Review and invest in the training and development needs of senior members and officers". To support this it is proposed to place £50,000 into a new 'capacity building' reserve to support training and development of staff and members. (CPC action plan)
- 3.9 Members are again reminded of the advice previously given by the Chief Finance Officer, that reserves should not be used for supporting ongoing recurring expenditure. Use in that way is not financially sustainable as reserves can only be spent once.

4. Mayor's Response to the Overview and Scrutiny Board

- 4.1 The Overview and Scrutiny Board has made a recommendation to me in relation to the Review of Reserves. I have considered that recommendation but the governance of reserves is covered by Financial Regulations 8.10. In this case, the purpose of the reserve is stated in 3.7 above and the level of reserve will be reported annually to the Overview and Scrutiny Board.

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

Martin Phillips
Chief Finance Officer

Supporting information

A1. Introduction

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

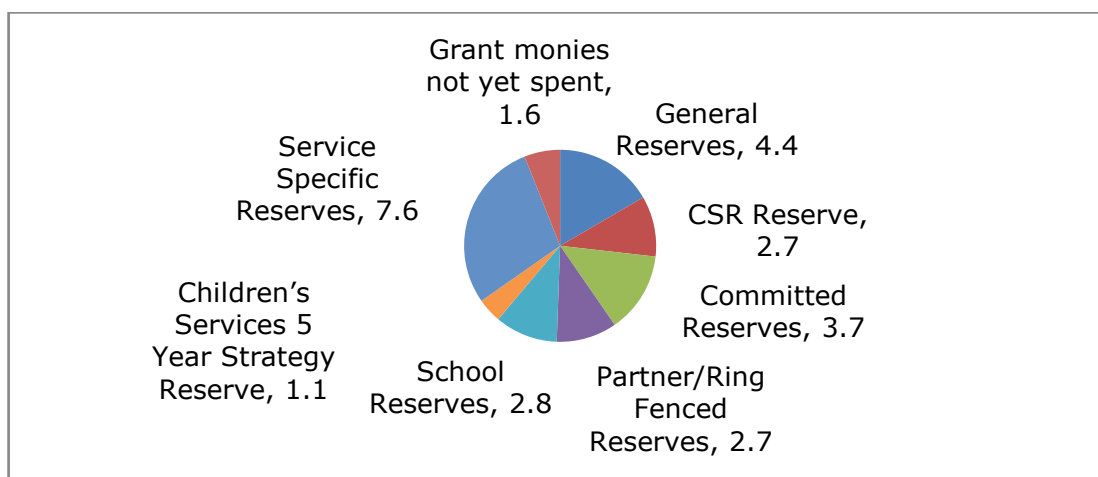
A2 Review of Reserves 2016/17

A2.1 Overview

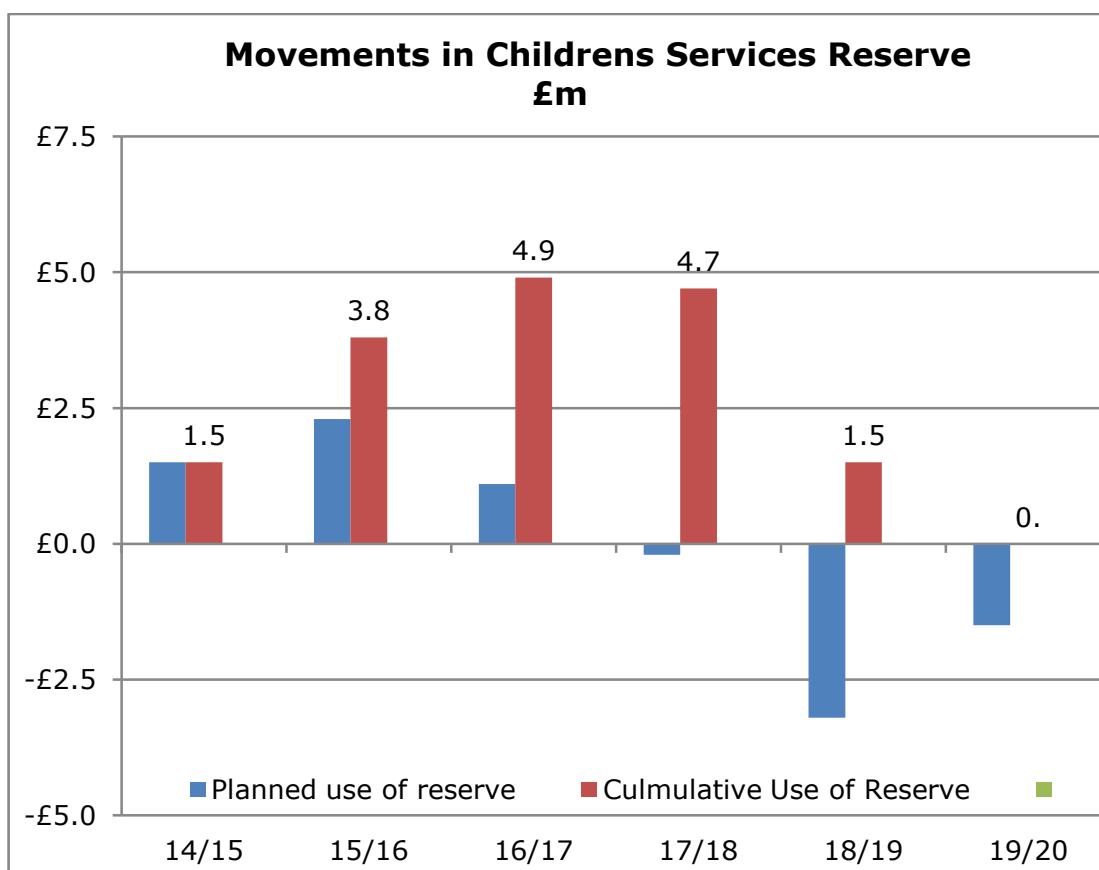
A2.2 As at 31/03/2015 Torbay Council's reserves were as follows:-

	31/3/14 actual	Change in year	31/3/15 actual	31/3/16 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	3.8	(0.7)	3.1	2.7
Committed Reserves	6.8	1.2	8.0	3.6
Partner/Ring Fenced Reserves	3.8	(1.4)	2.4	2.7
School Reserves	2.8	0.1	2.9	2.8
Children's Services 5 Year Strategy Res.	0	3.4	3.4	1.1
Other Service Specific Reserves	12.6	(4.2)	8.4	7.6
Grant monies not yet spent	3.1	(0.4)	2.7	1.6
Sub Total – Earmarked Reserves	32.9	(2.0)	30.9	22.1
Total Reserves	37.3	(2.0)	35.3	26.5

A2.3 From the table above, the estimated balances (in £m) as at 31/3/16 after the recommended allocation of £1.4m (para A2.9) to specific issues is as follows:



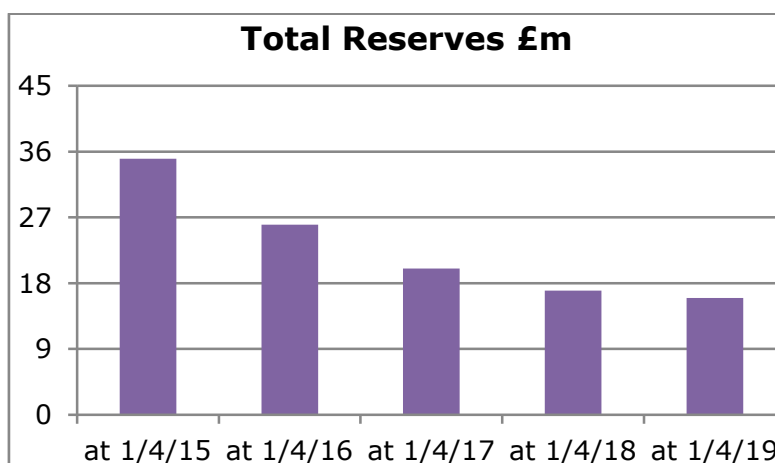
- A2.4 A list of the Council's Reserves as at 31/03/2015 is attached in Annex 1.
- A2.5 The table in A2.2 shows that the total reserves held by the Council decreased by £2.0m during 2014/15. The General Fund Reserve remained at £4.4 million during the same period. This is discussed in more detail below.
- A2.6 In October 2014 the Council approved a five year cost reduction plan for Children's Services which required the use of £3.4m of reserves to fund Children's services budget pressures in 2015/16 and 2016/17. Such a use of reserves was to allow the service to introduce and embed service changes which was forecast to result in savings compared to the current level of spend, consequently enabling Children's services to repay the reserves used to fund the £3.4m. The Plan identified that £0.2m would be repaid in 2017/18 and £3.2m repaid in 2018/19. The £3.4m was 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 was used in 2014/15 with repayment in 2019/20.
- A2.7 Since October 2014 the financial performance of the plan has not matched the original predictions and therefore the plan is currently being updated.
- A2.8 The use of these reserves to support Children's Services and their repayment as per the October 2014 recovery plan is shown in the bar chart below.



- A2.9 The reserves identified to as surplus to their current purpose shown in the table below. The risk and potential implication of reducing these reserves is summarised below:

Reserve	Reduction £000's	Reduction on estimated balance as at 31/3/16 %	Implications
Prudential Borrowing Reserve	1,244	100	Linked to Capital Plan 2016/17 and borrowing approvals approved in 2015/16 the Council is unlikely to repay any borrowing in the medium term.
Land Charges	96	100	National legal case on property searches is close to being finalised, so reserve can be released
Pension	95	100	No estimated costs for this reserve.
Total Identified	1,435		

A2.12 Each reserve has been assessed for its estimated balance as at 31st March 2016 and for the estimated additions or withdrawals from the reserve during 2016/17 and future years. This is included in the table at Annex 1. This table is shown after the recommendations arising from this report, but excludes the £4.9m repayments (£3.4m + £1.5m) by Children's Services.



A2.13 The table, (based on this review of reserves), shows that the level of reserves is expected to decrease by £9m during 2015/16 to £26m. 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 CIPFA 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 were the Comprehensive Spending Review reserve (£3.1m) 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 2015/16 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 this is not financially sustainable, as it only delays the impact of the required budget reductions.
- 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 £3.1m 31/3/15 (£2.7m 31/3/16)
- 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 agreed by the Chief Finance Officer.
- A4.4 To fund any overspend in 2015/16 it is recommended that the Comprehensive Spending Review Reserve is not used, as the balance in the reserve should be retained to provide a contingency for budget pressures in 2016/17, in particular in relation to social care and to support the financial impact of the judicial review of care home fees including any costs should the Council’s appeal be rejected.
- A4.5 Council at its meeting in December 2015 approved the use of up to £0.2m from this reserve to support the English Riviera Tourism Company to December 2016.
- A4.6 After the proposed allocation of £0.885m to this reserve the balance on the CSR reserve excluding the tourism commitment above and an allocation for the results of the judicial review appeal on care home fees, will be sufficient to provide a contingency to provide cover for the risk of any 2016/17 budget variations in particular in social care and any exit costs such as redundancy costs relating to 2017/18 incurred in 2016/17.
- A4.5 The potential for further transfers from earmarked reserves is becoming increasingly limited therefore, to help ensure a robust budget can be set, a sum to bring the balance to £1m per annum will be added to this reserve in each year as part of the budget proposals from 2017/18 onwards and will be included in future financial planning.
- A4.6 Committed Reserves – balance £8.9m 31/3/15 (£5.2m 31/3/16)
- A4.7 These reserves arise as a result of differences in timing between the reserve being established and the expenditure being incurred and are therefore, in effect, committed reserves. 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.

A4.8 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 Children’s Services on an “invest to save” basis. Children’s Services are to repay the reserve in future years”. This repayment is in addition to the £3.4m required as part of the Children’s Services 5 year Cost Reduction Plan.

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

A4.9 Partner/Ring Fenced Reserves – balance £6.6m 31/3/15 (£5.6m 31/3/16)

A4.10 These reserves are outside the Council’s direct control, in that the reserves are linked to funds held by partner organisations, schools, Torbay Development Agency or ring fenced Council services such public health. The harbour reserves have been included in this category as the service has operates as if it were ring fenced.

A4.11 The balance of £2.8m held by schools as at 31st March 2015 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 Annex 1.

A4.12 Specific Issue Reserves - balance £12.3m 31/3/15 (£8.7m 31/3/16)

These are reserves set aside for specific expenditure purposes.

A4.13 Insurance Reserve

The balance as at March 2015 for both the insurance reserve and the insurance provision, before the addition of any current year surplus due to timing of claims, was approximately £4.0 million. The Council’s insurance team in consultation with the Chief Finance Officer reviews the earmarked amounts on an annual basis and takes advice from an insurance actuary to ensure the adequacy of the reserves. The last actuarial review was a mini review as at March 2015.

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 and the 2016/17 budget proposal is to reduce the annual contribution to the fund for future liabilities by £50,000. In addition the reserve is due to be repaid £0.750m transferred in 2014/15 to support the Children’s Services Reserve in the short term.

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.

As a result of the above risks and the number and value of potential insurance and legal claims against the Council it is recommended that this reserve is not reduced.

A4.14 Potential Liabilities

The Council, as identified in its Statement of Accounts, has given a number of guarantees. Following the Council’s loan to TCCT in 2015, the bank guarantee has now been cancelled and when PLUS became a CIC the Council’s guarantee in relation to a bank overdraft was also cancelled.

In addition the Council has provided a number of guarantees for pension liabilities to services now outsourced, such as TOR2 and the TDA, however it is unlikely that these guarantees will result in a cash payment from the Council. In the exceptional case of the pension liability being realised it is likely the liability will be transferred to the Council’s own pension liability which will be reflected in future employer contribution rates.

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 likely to result in a payment but the amount and timing of the potential payment is uncertain.

A5.2 As at 31/03/2015 Torbay Council's provisions were as follows:-

31/3/14		31/3/15	Change
£m		£m	£m
0.5	Insurance Provision	0.3	(0.2)
1.2	NNDR Appeals	1.2	0
0.1	Restructure/Budget Reductions	0.1	0
0.4	Other Provisions	0.3	(0.1)
2.2	Total Provisions	1.9	(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 2015/16 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.

A5.4 The provision for NNDR appeals as at 31st March 2015 is a result of the introduction of the NNDR Business Rates Retention Scheme and forms part of the Collection Fund – see para A6.1 below. 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. The value of these pre 2013 claims should not now increase as the Government set a "cut off" date for backdated claims to be submitted by end of March 2015.

A6.1 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 2016/17 Budget Setting process and reflected in the Medium Term Resource Plan.

A7 General Fund Reserve - Risk Assessment and Sensitivity/Scenario Appraisal

A7.1 The Council's General Fund Reserves of £4.4 million represents 4.0% of the Council's net 2015/16 budget. This level of "unallocated financial reserves" is lower than average compared to other unitary Councils. (see para A9.1).

A7.2 The CIPFA guidance on reserves does not recommend a minimum level of reserves. It states that "Local Authorities should make their own judgments 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".

- A7.3 A risk assessment of all 2015/16 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 £8.1 million or 7% of 2016/17 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 £9.1 million or 8% of net budget. The current level of General Fund Reserve will cover just under 50% of this sum.
- A7.4 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.
- A7.5 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 Integrated Care Organisation from October 2015. The Council has a 9% risk share of the total financial performance of the ICO (Torbay and South Devon Foundation Trust) which is a budget of approx £400m. There is a risk to the Council, as although the total budget the risk share is based on is greater, the Council's share is limited to 9%.
- A7.6 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, Children's Social Care, have already declared significant budget pressures over the past few years. The Children's Service 5 Year Cost Reduction Plan and its update should help to mitigate some of the risks associated with this service in the longer term.
- A7.7 However it is unlikely that all budgets will be adversely affected in the same year or that there will be no underspending 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 estimated 2016/17 net revenue budget). This for 2016/17 will result in a required general fund reserve balance of £4.6 million. At this stage the current general fund balance of £4.4 million is 4% of 2016/17 net revenue budget or £0.2 below the assessed target.
- A7.8 Following consideration of the above, in the opinion of the Chief Finance Officer, the current level of general fund reserve should not be reduced below 4%. This is dependent on the CSR reserve having a balance in excess of £1.0m as a contingency for 16/17 budget pressures and an ongoing balance of £1m.
- A7.9 The 2016/17 budget to be presented in February 2016 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.

A8 **Capital Investment Plan**

- A8.1 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.
- A8.2 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.
- A8.3 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.

A9 **Comparison with Other Councils:**

- A9.1 Since the abolition of the Audit Commission the value of money council profiles are now the responsibility of Public Sector Audit Appointments. Unfortunately their updating of data is not as current as before. From

the reports available on the PSSA website a comparison of Torbay Council reserves as at 31/3/14 with data for other unitary authorities is shown below:

Indicator	Period	Value (£000s)	Rank
Total non school reserves	2013/14	£34,090	In the lowest third
Other earmarked financial reserves	2013/14	£29,735	Average
Unallocated financial reserves	2013/14	£4,355	In the lowest 10%
Unallocated financial reserves as a proportion of total net spend (%) (excluding grant income)	2013/14	1.76%	In the lowest 20%
Schools reserves	2013/14	£2,832	In the lowest 5%

A9.2 These 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 the general reserve. This shows that Torbay's general fund reserve is on the lower limit of being reasonable. The PSAA report found that general fund reserve levels were typically around 3.4% of net expenditure (excluding grant income).

A10 Chief Finance Officer Statement.

A10.1 The Council is facing unprecedented financial challenges. At this stage I can only state that I can be satisfied that the Council's General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council's Financial Plans for 2016/17 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment, if the following actions are undertaken:

- a) Funding of £2.5m is identified to fund the 2015/16 projected overspend
- b) The CSR has a minimum balance of £1.0m for 2016/17
- c) The General Fund reserve has a minimum balance equal to 4% of net budget
- d) For 2017/18 and future years a minimum ongoing balance is maintained in the CSR reserve of £1m
- e) That Children's Services do not require the future use of any earmarked reserves.
- f) That a balanced budget can be set for 2016/17

A11 Governance of Reserves.

A11.1 Annex 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.

A11.2 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. Councilors should consider the Council's General Fund Reserve as part of the annual budget setting process. Any quarterly reporting of issues relevant to earmarked reserves will be on an exception basis.

A11.3 Schools reserves are part of the delegated schools funding and these reserves remain at the discretion of the Head Teachers and Governing Bodies.

A11.4 Public Health reserve is ring fenced for public health activities and this reserve remain at the discretion of the Director of Public Health.

A12 Risk assessment of preferred option

A12.1 Outline of significant key risks

A12.2 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.

A12.3 The 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 Children's social care, the achievement of the 5 Year Cost Reduction Plan and the repayment of reserves from future year savings.

Appendices

Annex 1	Review of Reserves 2016/17
Annex 2	Summary of Council Reserves

Annex 1

Review of Reserves 2016/17

<u>Reserves</u>	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	Balance as at 1/4/19 £'000
General Reserves					
General Fund	4,370	4,370	4,370	4,370	4,370
	4,370	4,370	4,370	4,370	4,370
Earmarked Reserves					
Uncommitted Reserves:					
Budget Pressures	62	31	0	0	0
Comprehensive Spending Review	3,139	2,673	1,000	1,000	1,000
	3,201	2,704	1,000	1,000	1,000
Committed Reserves:					
Approved Service Carry Forwards	1,251	1,000	348	328	308
Capital Funding Reserve	2,418	1,480	594	126	258
Council Elections	161	6	54	102	149
Grants	2,687	1,587	1,262	593	593
NNDR Collection Fund	589	471	471	471	471
PFI Sinking Fund	1,013	613	1,109	709	309
Prudential Borrowing	744	0	0	0	0
	8,863	5,156	3,838	2,329	2,089
Partner/Ring Fenced Reserves					
Devon Audit Partnership	18	18	18	18	18
TDA Reserves (Funds paid in advance)	1,385	791	791	791	791
Education Schools Exit Packages	312	280	280	260	240
Harbours Reserves	688	641	555	481	428
Public Health Reserve	1,285	1,020	554	186	43
School Balances	2,919	2,800	2,800	2,000	2,000
	6,607	5,550	4,998	3,737	3,521
Specific issues					
Art Objects Purchased Fund	24	24	24	24	24
Childrens Services 5 Year Plan	3,400	1,100	0	0	0
Community Development Trust	189	89	0	0	0
Crisis Support Reserve	604	604	404	204	4
Disposal & Asset Rationalisation Costs	89	62	62	62	62
Domestic Abuse Reserve	182	77	0	0	0
Education Early Retirement	173	157	152	142	132
Employment Fund	694	444	194	0	0
Employment Issues	138	88	14	14	14
Equipment Reserves	111	102	77	52	52
Geopark	81	50	0	0	0
Highway Reserves	676	600	575	550	525
Housing Reserves	162	150	100	50	25
Insurance Reserves	3,720	3,527	3,527	3,477	3,427
IT Equipment Reserve	471	273	43	43	43
Invest for Income Reserve	0	500	250	0	0
Land Charges	96	0	0	0	0

Office Accommodation Reserve	179	219	219	219	219
Pension Reserve	95	0	0	0	0
Planning Reserve	468	330	167	67	0
Regeneration Reserve	5	10	15	20	25
South Devon Highway	299	0	0	0	0
Supporting People Commissioning	8	8	2	2	2
Taxi Reserve	29	29	29	29	29
Tourism	83	23	0	0	0
Training and Development Reserve	0	50	30	10	0
Waste Strategy	286	150	100	50	0
	12,262	8,666	5,984	5,015	4,583
Total Earmarked Reserves	30,932	22,077	15,821	12,081	11,193
TOTAL RESERVES	35,302	26,447	20,191	16,451	15,563

<u>Name of Reserve</u>	<u>Description of Reserve</u>	<u>Responsible Officer</u>
Asset Disposal Costs and Property Issues Reserve	To support the revenue costs associated with the rationalisation of the Council's assets	Kevin Mowat Executive Head Business Services
Budget Issues Reserve	To support future budgetary pressures in adult social care facing the Council <i>in</i> the medium term.	Martin Phillips Chief Finance Officer
Capital Funding	To reserve funding for items in the approved Capital Plan Budget.	Martin Phillips Chief Finance Officer
Carry Forwards	Service Carry Forwards	Martin Phillips Chief Finance Officer
Childrens Services 5 Year Strategy	Per Council approval to support Childrens Services in the short term by £3.4m.	Richard Williams Director of Children's Services
Comprehensive Spending Review Reserve	To fund costs associated with meeting budget reductions as a result of the Government's comprehensive spending review.	Martin Phillips Chief Finance Officer
Community Development Trust Reserve	Reserve established by support the creation and three year support for a Community Development Trust.	Caroline Dimond Director Public Health
Crisis Fund	Reserve to support the costs of social fund and exceptional hardship	Bob Clark Executive Head Customer Services
Domestic Abuse Reserve	To fund the costs of the integrated domestic abuse service for 2 years, starting September 2014.	Fran Hughes Assistant Director Community & Customer Services
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.	Debbie Horn School Improvement Officer
Regeneration/TDA Reserve	Reflects the value of funds awarded to the TDA where the work has yet to be completed.	Kevin Mowat Executive Head Business Services
Employment Issues Reserve	To support employment related issues, such as equal pay and payroll related issues.	Anne-Marie Bond Assistant Director Corporate and Business Services
Equipment Fund	To facilitate renewal of equipment within services where the replacement is at irregular periods.	Various
Geo Park Conference	To support costs of Geo Park Conference	Fran Hughes Assistant Director Community & Customer Services
Grants recognised but not used	Reflects the value of revenue grants (without conditions) received	Martin Phillips

	by 31 st March but not yet used to support expenditure	Chief Finance Officer
Growth Fund Reserve	Reserve established from the New Homes Bonus grant to create a Growth Fund to support employment opportunities.	Kevin Mowat Executive Head Business Services
Harbours	Torquay, Paignton and Brixham Harbours – To finance Harbour expenditure schemes for the purpose of Harbour Users.	Kevin Mowat Executive Head Business Services
Highways Act Reserves	Reserve holding funds received under Highways Acts and other legislation where the Council holds funds to do works.	Ian Jones Head of Highways
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	Anne-Marie Bond Assistant Director Corporate and Business Services
IT Equipment Reserve	To provide funds for priority driven replacements of IT equipment.	Bob Clark Executive Head Customer Services
Invest for Income Reserve	New reserve to support the development of new income streams for the council and increased commercialisation of services.	Martin Phillips Chief Finance Officer
Land Charges Reserve	Reserve to fund any potential costs arising from changes in the charging regulations in relation to land charges.	Anne-Marie Bond Assistant Director Corporate and Business Services
NNDR Rates Retention	Reserve to smooth the volatility of NNDR income including appeals, s31 grant and the performance of the Devon wide NNDR pool.	Martin Phillips Chief Finance Officer
Office Accommodation Reserve	Reserve to help meet the short term revenue costs of the rationalisation of office accommodation.	Kevin Mowat Executive Head Business Services
Misc. Specific Reserves	Includes: Council Elections, Taxi Survey, Art Objects, Devon Audit Partnership and Cemeteries.	Various
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.	Richard Williams Director of Children's Services
Planning Reserve	To provide for costs of Local Plan Inquiry held every 4/5 years and masterplan delivery.	Pat Steward Head of Spatial Planning
Public Health	Reflects carry forward of ring fenced funds for Public Health	Caroline Dimond Director Public Health
Prudential Borrowing 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.	Martin Phillips Chief Finance Officer
Regeneration Reserve	A reserve to support economic regeneration and employment initiatives	Kevin Mowat Executive Head Business Services

School Balances	Reflects the carry forward by schools of their delegated school budget share.	Lisa Finn Finance Manager
School Redundancy Reserve	Reserve to support the costs of redundancies for schools based staff	Richard Williams Director of Children's Services
South Devon Highway	To support the development of the South Devon Highway	Ian Jones Head of Highways
Tourism (Strategic Events) Reserve	Reserve established in 2012/13 to support tourism and events.	Fran Hughes Assistant Director Community & Customer Services
Training and Development Reserve	New reserve to support the training and development needs of senior staff and members.	Anne-Marie Bond Assistant Director Corporate and Business Services
Waste Disposal Strategy Reserve	Reflects the reclassification of part of the equipment fund as a specific reserve for Waste Disposal Initiatives.	Fran Hughes Assistant Director Community & Customer Services



Meeting: Council

Date: 3rd February 2016

Wards Affected: All

Report Title: 2015/16 Capital Plan Quarter 3 Update including Capital Strategy 2016/17, Capital Plan 2016/17 – 2019/20 and Corporate Asset Management Plan 2015-2019.

Is the decision a key decision? Yes

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

Supporting Officer Contact Details: Martin Phillips, Chief Accountant, 01803 207285, martin.phillips@torbay.gov.uk

1. Proposal and Introduction

- 1.1 The Capital Plan budget totals £99.9 million for the 4 year programme, with £28.6 million currently scheduled to be spent in 2015/16, including £11.7m on the South Devon Highway. The Capital Plan currently requires £2.2 million from capital receipts and capital contributions over the life of the Plan.
- 1.2 The Council's Capital Plan is updated on a quarterly basis which includes any new funding announcements and allocations. It provides high-level information on capital expenditure and funding for the year compared with the last Plan update as reported to Council in December 2015, relating to Quarter 2 position.

2. Reason for Proposal

- 2.1 Quarterly reporting to both the Overview and Scrutiny Board (OSB) and to Council is part of the Council's financial management.
- 2.2 For Council to approve the 2015/16 quarter three position as its Capital Plan 2016/17 – 2019/20 and Capital Strategy 2016/17 as part of the 2016/17 budget process.
- 2.3 There are a number of new capital projects recommended for approval which both aim to generate future income for the council or aim to provide funding over the next four years for some essential capital projects.

3. Recommendation(s) / Proposed Decision

- 3.1 That the latest position for the Council's Capital expenditure and funding for 2015/16 be noted.
- 3.2 That 2016/17 Capital Strategy (set out at Appendix 1) be approved.
- 3.3 That prudential borrowing of £10 million for an Investment Fund to enable acquisition of properties for investment purposes to be funded from future rental income be approved and that purchases within the Fund to be subject to specific criteria:
 - Rate of Return expected to exceed 6% per annum net of costs
 - Property assessed as an asset life in excess of 50 years (or repayment period)
 - Tenants assessed as reasonable credit quality and pre lets agreed if possible
 - Independent valuation of asset to support purchase price
 - Any UK property to be considered subject to no more than 50% in any county area.

- Any sale proceeds of assets purchased to be reinvested in fund.

and that the allocation of the Fund, if the criteria is met, be agreed by Executive Director of Operations and Finance in consultation with the Chief Finance Officer and the Mayor and Group Leaders with the Overview and Scrutiny Co-ordinator being notified in advance of any decisions.

- 3.4 That prudential borrowing of £3 million for essential capital repair works be approved with the cost of borrowing to be included in future year revenue budgets and that the allocation of the budget be agreed by the Executive Head – Business Services in consultation with the Chief Finance Officer and the Mayor and Group Leaders with the Overview and Scrutiny Co-ordinator being notified in advance of any decisions.
- 3.5 That prudential borrowing of £0.350 million to upgrade and update the Council's CCTV equipment be approved with the cost of borrowing to be included in future year revenue budgets offset by any future external contributions and any resulting revenue savings.
- 3.6 That prudential borrowing of £1.0 million for an IT Investment Fund for 2016/17 to 2019/20 be approved with the cost of borrowing to be included in future year revenue budgets and that the allocation of the Fund be agreed by Executive Director of Operations and Finance consultation with the Chief Finance Officer, the Executive Head – Customer Services and the Executive Lead for Customer Services.
- 3.7 That the reallocation of £0.5m within the existing schools capital allocation to provide two mobile accommodation buildings at Paignton Community Sports Academy be approved to meet an immediate need for pupil places.
- 3.8 That the allocation of £0.350m to improvements at The Strand in Torquay in line with the proposed Corporate Plan Delivery Plans be approved and that the Council determine whether this is funded from:
- Option 1: prudential borrowing when the scheme is deemed to be self financing; or
- Option 2: the Comprehensive Spending Review Reserve.
- 3.9 That the Council will not take up the option in 2016/17 of using capital receipts to fund one off revenue costs of transformation to meet future budget reductions.
- 3.10 That, subject to approval of 3.3 to 3.9 above, the budget forecast for 2016/17 to 2019/20 at Appendix 2 be approved as the Capital Plan.
- 3.14 That the Corporate Asset Management Plan for 2015 – 2019 (as set out in Appendix 4) be approved.

4 Supporting Information and Impact Assessment

4.1 Mayor's Response to the Overview and Scrutiny Board

The Overview and Scrutiny Board has made recommendations to me in relation to the Capital Plan. I have considered the recommendations and my response is as follows:

- In relation to the allocation of spend within the approved budgets for the investment fund and essential repairs and maintenance, I accept the inclusion of group leaders as consultees. However, given the role of the Overview and Scrutiny Co-ordinator (as detailed in his Job Description), I believe it is more appropriate for him to be notified of decisions rather than consulted.
- In relation to the investment fund, I do not consider that referring potential investments of over £1million to Council to be required given the increased level of consultation that I am proposing and the criteria that I am proposing that Council set.
- In relation to the underspend on the previous years' Disabled Facilities Grants, at this

point in time, I am withdrawing the proposal pending the Overview and Scrutiny Board's recommendation on this issue.

- In relation to The Strand, I have offered to the Council two options for its funding with the prudential borrowing option being dependent on the scheme becoming self financing.
- I am happy that the Capital Plan Supporting Information be included within the Budget and Policy Framework and accept the principle that the Capital Reserve List should be prioritised subject to development of criteria. This principle has now been included in the Capital Strategy. I will ask the Executive Head of Business Services to progress this, ideally before the next Capital Plan Monitoring Report.

- 4.1 Members of the Overview and Scrutiny Board and Council receive regular budget monitoring reports on the Council's Capital Plan throughout the year. The Council's four year Capital Plan is updated each quarter through the year. This report is the monitoring report for the third quarter 2015/16 and includes variations arising in this quarter to the end December 2015. For the purposes of Standing Order F3 in relation to Budget and Policy Framework, this report also sets out the Mayor's proposals for revisions to the Capital Plan and the Capital Strategy as part of the 2016/17 budget setting process.
- 4.2 Supporting Information on the capital issues facing the Council were included along with the Capital Strategy as part of the Quarter Two Capital Plan Update report presented to Overview and Scrutiny Board and Council in November 2015. This supporting information is included again at Appendix 3.
- 4.3 The overall funding position of the 4-year Capital Plan Budget of £99.9 million, covering the period 2015/16 – 2018/19, is primarily fully funded but still relies upon the generation of £2.2 million of Capital income from capital receipts and capital contributions over the life of the Capital Plan.
- 4.4 Of this £2.5m, £2.0 million was required from capital receipts before the end of the current Plan period. Of this sum £0.3 million has been received by the end of December 2015, leaving a balance of £1.7 million still to be realised. It is only after this target has been reached that any capital receipts should be applied to new schemes.
- 4.5 The other element of this £2.2m funding requirement, involves £0.5m required from capital contributions including community infrastructure levy which is expected to be approved during 2016.
- 4.6 The movements in the estimate of expenditure in 2015/16 on the Capital Plan between the last monitoring report at September 2015 of £30.2m and the latest budget for 2015/16 of £28.6 m are shown below.

Scheme	Variation in 2015/16	Change £m	Reason
Estimate as at Q2 2015/16		30.2	Capital Plan Update, 2015/16 Quarter 1
Joint Commissioning Team			
Childrens' Services			
2 Year Old Provision	Part Budget rephased to 2016/17	(0.1)	Priorities to be determined
Brookfield Project	Rephasing to 2016/17	(0.3)	Delays resulting from later land acquisition
Capital Repairs and Maintenance 15/16	Part budget to 2016/17	(0.1)	Some works to commence in Easter holidays
Devolved Formula Capital	Part budget to 2016/17	(0.1)	Some schools do not require funds in 2015/16
Education Review	Budget re profiled to 2016/17	(0.1)	Timing of likely expenditure reviewed
		(0.7)	

Joint Operations Team			
Community and Customer Services			
Torre Abbey Ph 2	Budget moved to 2016/17 and saving	(0.1)	Scheme saving and small budget to 2016/17
Transport - Edginswell Station	Additional budget	0.1	Funding to complete initial design work
Western Corridor	Budget re profiled to 2016/17	(0.8)	Latest forecast is that some of this scheme will be now be incurred in 2016/17.
		(0.8)	
Corporate and Business Services			
Torquay Inner Harbour Pontoons	New scheme	0.1	Provide additional berths
Fleet Purchases	Budget re profiled to 2016/17	(0.2)	No plans to purchase fleet in quarter four.
		(0.1)	
Estimate – Quarter Three 2015/16		28.6	

5.0 2016/17 Capital Strategy and Corporate Asset Management Plan

- 5.1 The proposed capital strategy is attached at Appendix 1. There are two significant changes in strategy, both of which are linked in part to feedback from the recent Corporate Peer Review.
- 5.2 Firstly there is an increased priority on capital projects that will generate future income to the Council to support its ongoing viability despite funding reductions.
- 5.3 In addition the strategy is more “open minded” to funding essential capital projects where there is no income stream by spreading the cost over a number of years by means of prudential borrowing.
- 5.4 The Capital Plan supporting information lists a number of projects that have been identified by officers as potential future capital projects. Within the overarching aim of supporting capital projects that will generate future income for the Council, this list will be reviewed and prioritised by the Executive Head of Business Services and reported back to a future meeting of the Council.
- 5.5 The Corporate Asset Management Plan is attached at Appendix 4. This is a key document that outlines the Council's approach to all aspects of its asset management (excluding transport assets) including leases, disposals and maintenance.

6.0 Efficiency Strategy

- 6.1 As part of the local government finance settlement announced December 2015, councils now have an option of using capital receipts to fund the revenue costs of transformation schemes. Any proposed usage to be included as part of a Council approved “Efficiency Strategy” prior to the start of a financial year.
- 6.2 Precise details of this requirement have, at the time of writing this report, not been issued by DCLG. However due to the Council's current outstanding capital receipts target of £1.7m to fund previous expenditure this option is not proposed to be used in 2016/17.

7.0 Expenditure

- 7.1 The Capital Plan Budget has been updated for any further revision to both projects and timing, resulting in the latest revision attached at Appendix 2. The Plan now totals £100 million over the 4 year period of which £29 million relates to 2015/16 and £41 million relates to 2016/17.

- 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 £12.7 million with a further £5 million of commitments on the Council's finance system. The expenditure of £12.7 million is only 43% of the latest budget for 2015/16. This compares with £10 million (or 49% of outturn) for the third quarter last year. It is recognised that for a number of schemes, notably the South Devon Highway (2015/16 budget £11.7m), the Council will not incur expenditure until later in the year.

	2010/11 £m (%)	2011/12 £m (%)	2012/13 £m (%)	2013/14 £m (%)	2014/15 £m (%)	2015/16 £m (%)
Quarter One	10 (23%)	3 (14%)	2 (11%)	4 (23%)	2 (10%)	1 (3%)
Quarter Two	13 (30%)	7 (32%)	4 (21%)	4 (23%)	4 (20%)	4 (13%)
Quarter Three	9 (21%)	5 (22%)	5 (26%)	3 (18%)	4 (20%)	8 (27%)
Quarter Four	11 (26%)	7 (32%)	8 (42%)	6 (35%)	10 (50%)	
Total In Year	43	22	19	17	20	29

7.4 Updates to Capital Plan

7.5 Joint Commissioning Team

7.6 Affordable Housing – Additional resources of £0.1 million have been added to the 2016/17 budget arising from S106 (Planning gain) contributions received.

7.7 Autism Innovation Grant (£0.018m) – due to the low value of this grant, this capital grant has been allocated to provide resources to enable the service to undertake revenue expenditure.

7.8 Empty Homes - As part of the revenue budget proposals for 2016/17 £0.1m of Right to Buy clawback receipts will be used to fund the 2016/17 (and final) £0.1m contribution to the £0.5m empty homes budget to realise an ongoing revenue budget saving. To the end of December 2015 only £0.040m has been spent.

7.9 Adult Social Care Grant - As part of the revenue budget proposals for 2016/17 £0.3m of the 2016/17 grant allocation will be used to support the revenue budget by exchanging funding with the Council's revenue contribution to the costs of the South Devon Highway to realise an ongoing revenue budget saving.

7.10 There are a number of projects in Childrens' services where some expenditure has been re profiled to move funding between years to reflect latest expenditure projections:

Two Year Old Provision – £0.1m moved to 2016/17 awaiting prioritisation of options.

Brookfield House site - £0.3m rephasing required as a result of delay in land acquisition.

Capital Repairs 2015/16 - £0.1m moved as some tendered works will not commence until Easter 2016.

Devolved Formula Capital - £0.1m rephasing required since not all schools are likely to draw down their funding before year end.

Youth Modular Projects – minor adjustment as priorities are to be agreed.

7.11 Paignton Community Sports Academy - an accommodation issue has arisen unexpectedly at this school. The Council needs to provide some temporary accommodation for this September i.e. two mobiles at an expected cost of £0.5 m. It is planned to reallocate existing funds from the Children's Services capital programme. At this stage, it is likely that the mobiles will be funded

from the provisional allocation for primary school places in Paignton. Members are asked to approve this alteration.

Joint Operations Team

- 7.12 Community and Customer Services
- 7.13 Strand Regeneration – This scheme was approved by Council in September 2015, subject to funding being identified. It is requested that Council approve the allocation of £0.350m to improvements at the Strand in Torquay in line with the proposed Corporate Plan Delivery Plans. Council to determine whether this is funded from prudential borrowing when the scheme is deemed to be self financing or from the Comprehensive Spending Review Reserve.
- 7.14 Street Lighting Energy Reduction Phase 2 - a second phase of works to reduce energy consumption and carbon emissions from Highways street lighting has been approved by Council (on 10 December 2015) and added to the Capital Plan in 2016/17. The £1.1m scheme will replace existing lanterns with LED lanterns and will be funded by prudential borrowing and/or Salix funding.
- 7.15 Torre Abbey Phase 2 – there remains an unresolved issue with one of the contractors which could roll into next year. Otherwise there are no outstanding items and there should be a small saving of £0.06m on the scheme.
- 7.16 Transport Structural Maintenance – the Government has announced that part of the future years' funding provided to authorities is to be 'top-sliced' for an Incentive Fund. In effect this portion of funding cannot be guaranteed and will only be available if the Council can demonstrate it is delivering value for money in carrying out cost effective improvements. This element of funding has now been shown on a separate line in the Capital Plan and is not yet secure, pending the Government's assessment of the Authority's banding.
- 7.17 Transport – Invest to Save. To mitigate the impact of reducing revenue funding for highways over the next few years, the Council will seek examples from other Councils to consider a business case for a capital invest to save proposal for investment in the highway network to reduce future revenue costs.
- 7.18 Transport – Edginswell Station. Additional resources of £0.1m have been provided to complete initial design costs for this scheme, partly funded by S106 contributions and partly from Integrated Transport Block. Further funding still needs to be secured before the construction phase of the project can be considered. Since funding is not yet in place, it is unlikely that any construction will begin until at least 2017/18 so the budget has been transferred accordingly.
- 7.19 Transport – Western Corridor. - Following a review of likely expenditure levels £0.8m of the budget has been moved to 2016/17. The Tweenaway Cross to Waterleat Road Scheme was reappraised following more detailed estimates and preliminary design works. This delayed the scheme to be commenced towards the end of this financial year rather than being completed by that time. An interim widening scheme planned for the southbound approach to the Yalberton Road junction was also planned this financial year, however restrictions to comply with Wales and West Utilities requirements meant that the works could only be carried out after major service diversion works were completed and will therefore be carried out as part of the main junction widening in the next financial year.
- 7.20 Disabled Facilities Grants (DFG) – A Council decision (following a recommendation from the Overview and Scrutiny Board) is still required regarding the possible reallocation of £0.398 million of prior years' unallocated DFG resources. In relation to the 2015/16 DFG allocation of £1.0m, expenditure on DFGs at the end of December was £0.5 million, with a remaining budget for the year of £0.5m. There is currently no waiting list for grants. It is expected that the service will request that some of the 2015/16 budget to be moved to future years.
- 7.21 CCTV – It is recommended that prudential borrowing of £0.350 million to upgrade and update the Council's CCTV is approved to prevent system failure and realise future year revenue savings on

support and maintenance contracts. Cost of borrowing of approx £45,000 per annum for 10 years to be included in future year revenue budgets offset by any future external contributions and reduced ongoing revenue costs.

- 7.22 IT Replacement – It is recommended that prudential borrowing of £1.0 million for a future IT Investment Fund for 2016/17 to 2019/20 be approved. Cost of borrowing of approx £125,000 per annum for 10 years to be included in future year revenue budgets. Allocation of the Fund to be by Executive Director of Operations and Finance in consultation with the Chief Finance Officer, the Executive Head – Customer Services and the Executive Lead for Customer Services. The aim is that this budget will fund the next four years of IT investment. It is likely that the majority of this spend will be used to replace IT licences and equipment as well as investment in new technology to realise revenue savings.
- 7.23 Corporate & Business Services
- 7.24 Essential Repair Works – It is recommended that prudential borrowing of £3 million for essential capital repair works fund be approved. Cost of borrowing of approx £210,000 per annum for 25 years to be included in future year revenue budgets. Allocation of the budget to be by Executive Head for Business Services in consultation with the Chief Finance Officer and the Mayor and Group Leaders (with the Overview and Scrutiny Co-ordinator being notified of any decisions) in line with a prioritised list of works. The aim is that this budget will fund the next four years of essential capital works. It is likely that the majority of this spend will be on sea facing structures.
- 7.25 Claylands Redevelopment –in December 2015 Council approved a project for the proposed redevelopment of Council owned land known as ‘Claylands’ located on the Brixham Road in Paignton using a combination of Council and Heart of the South West Local Enterprise Partnership funding. The LEP have indicated support of £2.5m for site remediation of 10 acres (gross) of brown field land and essential site access and other site infrastructure that is needed to create circa 6 acres (net) of developable employment land. The Council’s investment of £7.5m will come from Prudential Borrowing which will be conditional upon ‘pre-lets’ and further delegated approvals. This will fund the construction of office, factory and/or warehouse premises on Claylands for occupation by third party private sector employers. The scheme has been added to the 2016/17 Capital Plan but is subject to final approval of LEP funding and satisfactory pre letting agreements.
- 7.26 Council Fleet Vehicles – the Council is unlikely to acquire further vehicles in the current financial year so £0.140m budget is transferred to next year (2016/17).
- 7.27 Torquay Inner Harbour pontoons – following the successful introduction of mooring pontoons in the Inner Harbour some additional berths will be provided at a cost of £0.050m. It is expected that these could produce income of around £36k per annum. This scheme has been added to the 2015/16 Programme. Other major repair works at Brixham Harbour (£0.090m) and the acquisition of a new Harbour workboat (£0.050m) have also been added to the Capital Plan in 2016/17. All these works will be funded from Harbour Reserves.
- 7.28 Investment Fund - That prudential borrowing of £10 million for an Investment Fund to enable acquisition of properties for investment purposes to be funded from future rental income be approved. Purchases within the Fund to be subject to specific criteria:
- Rate of Return expected to exceed 6% per annum net of costs
 - Property assessed as an asset life in excess of 50 years or repayment period
 - Tenants assessed as reasonable credit quality and pre lets agreed if possible
 - Independent valuation of asset to support purchase price
 - Any UK property to be considered subject to no more than 50% in any county area.
 - Any sale proceeds of assets purchased to be reinvested in fund.

The allocation of the Fund, if criteria met, to be by Executive Director of Operations and Finance in consultation with the Chief Finance Officer and the Mayor and Group Leaders with the Overview and Scrutiny Co-ordinator being notified of any decisions.

This fund is primarily to focus on projects that will generate future income to the Council to support its ongoing viability despite funding reductions. Regeneration schemes may be included in this category if the criteria are met; however the priority is for the purchase of assets for an investment return. Note rate of return to be defined as a % of purchase costs.

8 Receipts & Funding

8.1 The funding identified for the latest Capital Plan budget is shown in Appendix 2. 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 Plan is shown in the Table below:

	2015/16	2016/17	2017/18	2018/19	Total @ Q3 15/16
	A	B	C	D	E
Funding	£m	£m	£m	£m	£m
Unsupported Borrowing	13	19	9	3	44
Grants	13	19	14	4	50
Contributions	1	0	0	0	1
Reserves	0	1	0	0	1
Revenue	1	0	0	0	1
Capital Receipts	1	2	0	0	3
Total	29	41	23	7	100

8.2 Grants

8.3 Capital Grants continue to be the major funding stream (over 60% in last 3 years) 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 £13 million of grants in 2014/15 and is currently estimating to use £13m of grants in 2015/16.

8.4 Since the last Capital update (Quarter 2 2015/16) reported to Council in December 2015, the Council has not been notified of any additional capital grant allocations.

8.5 Capital Receipts

8.6 The approved Plan relies upon the generation of a total of £2.0 million capital receipts from asset sales by the end of 2016/17 of which £0.3m has been received by the end of December 2015 (no change from last report), leaving a target of £1.7m still 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.

8.7 The Government has recently announced plans to allow authorities flexibility to use capital receipts received in 2016/17 to 2018/19 to fund the revenue costs of projects designed to reduce future revenue costs and/or transform service delivery. These costs can be treated as capital expenditure (under a specific Government Direction) and can be financed from capital receipts generated in those years. Capital receipts unapplied at 31 March 2016 are not eligible for flexible treatment.

8.8 Torbay Council already has an outstanding requirement to generate capital receipts of £1.7million as noted above, to fund the existing Capital Plan so is unlikely to generate further capital receipts to fund these costs. However where authorities wish to utilise this flexibility, an ‘Efficiency Strategy’ needs to be approved by full Council, including separate disclosure of the individual projects to be funded.

8.9 Capital Contributions – S106 & Community Infrastructure Levy

- 8.10 The general target for securing capital contributions to fund the 4-year Capital Plan, following review of the Budget in February 2013 was £0.5 million (required by March 2016). In addition the South Devon Highway business case estimated external contributions including s106 payments of £2.1m to help fund the scheme (£0.108m, received since 2014).
- 8.11 The intention is that capital contributions are applied to support schemes already approved as part of Capital Plan and not allocated to new schemes unless the agreement with the developer is specific to a particular scheme outside the Capital Plan.
- 8.12 Income from Section106 capital contributions so far in 2015/16 only amount to £0.02 million.
- 8.13 A recent Government announcement changed a number of rules relating to Section 106 agreements which now restricts these funds and will mean alternative funding sources may be required to fund some capital schemes, including the South Devon Highway, where £2.1 million of S106 (or CIL) funding was estimated.
- 8.14 In particular, since the South Devon Highway was completed before a CIL scheme was formally adopted, it is unlikely that the necessary funds can be generated for this scheme. This will mean that an alternative funding source will be required, presumably additional Prudential Borrowing. The increased revenue cost of this has been factored into the 2016/17 budget proposals.
- 8.15 It is expected that, linked to the adoption of the Local Plan late in 2015, a Community Infrastructure Levy scheme is due to be approved in 2016.

9.0 Borrowing and Prudential Indicators

- 9.1 There was no borrowing taken or repaid during the quarter.
- 9.2 The Council's capital expenditure has an overall positive impact on the Council's Balance Sheet. Expenditure in the Capital Plan on the Council's own assets will increase the value attached to the Council's fixed assets. As at 31 March 2015 the Council's "Non Current Assets" were valued at £307 million.
- 9.3 Council is being asked to approve Prudential Borrowing for various new schemes as outlined in the table below:

Proposed Scheme	Budget (to be funded by Prudential Borrowing) £m	Reason
Investment Fund	10.00	To fund appropriate property acquisitions to secure future rental stream/capital growth
Essential Capital Repair Works	3.00	Provide funds for essential repairs to assets as required (e.g. including Cliff falls)
CCTV Equipment	0.35	Provide funds to update and upgrade CCTV equipment
Corporate IT Developments	1.00	To enable upgrades and replacements to ICT equipment

- 9.4 The above borrowing, if approved, combined with the approvals for prudential borrowing in relation to Claylands (£7.5m) and Street Lighting (£1.1m) is likely to result the need for the Council to externally borrow funds in the next four years. This potential impact is reflected in the Treasury Management Strategy 2016/17.

Appendices:

- Appendix 1 - Capital Strategy, October 2015 (updated Jan 16)
- Appendix 2 - Capital Plan summary – Quarter Three 2015/16
- Appendix 3 – Capital Plan Supporting Information (updated Jan 16)
- Appendix 4 – Corporate Asset Management Plan
- Appendix 5 – Report of the Overview and Scrutiny Board – January 2016

CAPITAL PLAN - QUARTER 3 2015/16 - EXPENDITURE

						Revised 4-year Plan Jan 2016				
	Latest Est Scheme Cost	Actuals & Commitments 2015/16 Qtr 3	Previous 2015/16 (@ Q2 15/16)	2015/16 Q3 Adjustments	New Schemes 2015/16	Total 2015/16 Revised	2016/17	2017/18	2018/19	Total for Plan Period
PP = Approved Prudential Borrowing schemes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ADULT SERVICES										
Adult Care										
Adult Social Care	0		0			0				0
Autism Innovation - IT Enhancements	0	0	19	(19)		0				0
Mental Health Care Initiatives	711		7			7				7
Housing Strategy										
Affordable Housing	1,575		49			49	1,526			1,575
Sanctuary HA - Hayes Road Pgn	500		250			250				250
Spectrum HA - Castle Lane Tqy	200		200			200				200
	2,986	0	525	(19)	0	506	1,526	0	0	2,032
CHILDRENS SERVICES										
2 Year Olds Provision	253	58	193	(80)		113	80	0		193
Asbestos Removal	80		7			7				7
Barton Primary Cap Project	4,400	38	36			36				36
Brookfield House Site	750	45	650	(300)		350	400			750
Capital Repairs & Maintenance 2012/13	465	109	138			138				138
Capital Repairs & Maintenance 2013/14	0	4				0				0
Capital Repairs & Maintenance 2014/15 (incl. Furzeham)	802	507	620	150		770				770
Capital Repairs & Maintenance 2015/16	356	14	256	(220)		36	320			356
Childrens Centres	232		2			2				2
Cockington Primary expansion	3,373	82	356			356				356
Devolved Formula Capital		86	260	(100)		160	100			260
Education Review Projects		82	298	(150)		148	150			298
Ellacombe Primary expansion	502	142	464			464	20			484
EOTAS Halswell House	49		1			1				1
Key Stage 1 Free School Meals	122	11	12			12				12
New Paignton Primary school	5,000		0			0	750	2,250	2,000	5,000
Roselands Primary expansion	700	12	47			47	0	0		47

CAPITAL PLAN - QUARTER 3 2015/16 - EXPENDITURE

						Revised 4-year Plan Jan 2016				
	Latest Est Scheme Cost	Actuals & Commitments 2015/16 Qtr 3	Previous 2015/16 (@ Q2 15/16)	2015/16 Q3 Adjustments	New Schemes 2015/16	Total 2015/16 Revised	2016/17	2017/18	2018/19	Total for Plan Period
Secondary School places	2,866	37	300			300	2,000	566		2,866
St Margaret Clitherow Primary expansion	623	293	294			294				294
Torbay School Hillside	120	1	21			21				21
Torre CoE Primary expansion	1,299	43	54			54				54
Warberry CoE Primary expansion	1,235		74			74				74
Whiterock Primary expansion	3,500	2,050	2,040			2,040	300			2,340
Youth Modular Projects	409	14	51	(20)		31	20			51
	11,281	3,628	6,174	(720)	0	5,454	4,140	2,816	2,000	14,410
COMMUNITY AND CUSTOMER SERVICES										
Babbacombe Beach Road	70		0			0	70			70
Barton Infrastructure	137		9			9				9
CCTV equipment	350					0	350			350
DfT Better Bus Areas	462	(62)	161			161	0	0		161
DfT Local Sustainable Transport Fund (Ferry/Cycle)	1,642	22	26			26	0	0		26
Disabled Facilities Grants		519	1,020	2		1,022	0		0	1,022
Disabled Facilities Grants Reserve - Potential reallocation (e.g. to Infrastructure)			398			398				398
Empty Homes Scheme	500	39	250			250	250			500
NGP - Strategic Cycleway	477		45			45				45
NGP - Windy Corner Junction	11		1			1				1
On Street Parking meters	857		1			1				1
Paignton Picture House	50	50	50			50				50
Princess Pier Decking	360		254			254	106			360
Private Sector Renewal			113			113	0		0	113
Public Toilets - Utilities saving measures	100	5	11			11	0	0		11
South Devon Link Road - Council contribution	20,224	8,738	11,739			11,739	1,500	1,500	1,407	16,146
St Michael's Chapel, Torre	95	82	71			71				71
Street Lighting - Energy reduction	515	30	46			46				46
Street Lighting - Energy reduction Ph2	1,112					0	1,112			1,112
SWIM Torquay - Improve facilities	594	13	0			0				0
TCCT - Grant re Green Heart Project	100	100	100			100				100
Torbay Enterprise Project	750	22	52			52				52

CAPITAL PLAN - QUARTER 3 2015/16 - EXPENDITURE

						Revised 4-year Plan Jan 2016				
	Latest Est Scheme Cost	Actuals & Commitments 2015/16 Qtr 3	Previous 2015/16 (@ Q2 15/16)	2015/16 Q3 Adjustments	New Schemes 2015/16	Total 2015/16 Revised	2016/17	2017/18	2018/19	Total for Plan Period
	545	25	26			26	0	0		26
PE Torbay Leisure Centre - structural repairs	49	2	2			2				2
Torre Abbey Pathway	5,010	8	74	(74)		0	15			15
Torre Abbey Renovation - Phase 2	127		0			0	124			124
Torre Valley North Enhancements	4,489	297	209	115		324	0	4,000		4,324
Transport - Edginswell Station		599	670	0		670	1,184	931	667	3,452
Transport Integrated Transport Schemes		600	1,582			1,582	1,256	1,176	930	4,944
Transport Structural Maintenance	446					0	81	121	244	446
Transport Structural Maintenance - Incentive Fund (funds at risk)	3,875	83	325			325	1,200	2,325		3,850
Transport - Torquay Gateway Road Improvements	625	29	385			385	176			561
Transport - Torquay Town Centre Access	7,405	799	2,300	(800)		1,500	3,900	1,600		7,000
Transport - Western Corridor	3,500	12,000	19,920	(757)	0	19,163	11,324	11,653	3,248	45,388
CORPORATE AND BUSINESS SERVICES (INCL. CONTINGENCY)										
Corporate Services										
PE Corporate IT Developments	1,000					0	250	250	500	1,000
PE Essential Capital repair works	3,000					0	1,500	500	1,000	3,000
Enhancement of Development sites	261	19	30			30	173			203
PE Office Rationalisation Project Ph 3 - Project Remainder	8,735	222	220			220				220
Oldway Estate works	400		400			400				400
Payroll Project	370	53	87			87				87
Riviera Centre renewal	1,140	38	41			41				41
General Capital Contingency	631	0	0			0	631	0	0	631
Business Services										
PE Beach Hut Acquisition/Renewal (Broadsands, Meadfoot)	2,591	396	384			384				384
Brixham Harbour - Major repairs	90						90			90
Brixham Harbour - Victoria Breakwater	42		4	(2)		2	0	0		2
PE Claylands Redevelopment	10,000					0	10,000			10,000
PE Council Fleet Vehicles	462	11	162	(140)		22	140			162
Flood Defence schemes (with Env Agency)	789	153	166			166	155			321
Haldon Pier - Structural repair Phase I&2	3,073	245	535			535				535

CAPITAL PLAN - QUARTER 3 2015/16 - EXPENDITURE

						Revised 4-year Plan Jan 2016				
	Latest Est Scheme Cost	Actuals & Commitments 2015/16 Qtr 3	Previous 2015/16 (@ Q2 15/16)	2015/16 Q3 Adjustments	New Schemes 2015/16	Total 2015/16 Revised	2016/17	2017/18	2018/19	Total for Plan Period
Harbour Workboat	45					0	45			45
Investment Fund	10,000					0	5,000	5,000		10,000
Meadfoot Sea Wall structural repair	268	5	4	2		6				6
NGP - Torbay Innovation Centre Ph 3 (EPIC)	6,600		100			100	3,431	3,000		6,531
Oddicombe Beach Chalets	193	34	36			36				36
Old Toll House, Torquay	150		75			75	71			146
Princess Pier - Structural repair (with Env Agency)	1,744		0			0	1,744			1,744
Riviera Renaissance (Coastal Communities Fund)	649	1	1			1	0	0		1
Sea Change - Cockington Court	3,285	3	3			3				3
Small Ports Recovery Fund - Winter 13/14	295		4			4				4
TEDC Capital Loans	2,475	978	1,285			1,285	1,190			2,475
Torquay Harbour - Inner Harbour Pontoons	48	(5)			48	48				48
	58,336	2,153	3,537	(140)	48	3,445	24,420	8,750	1,500	38,115
TOTALS	76,103	17,781	30,156	(1,636)	48	28,568	41,410	23,219	6,748	99,945
CAPITAL INVESTMENT PLAN - QUARTER 3 2015/16 - FUNDING										
Unsupported Borrowing			13,008	(140)		12,868	19,322	9,171	2,789	44,150
Grants			14,501	(1,066)		13,435	18,679	13,716	4,237	50,067
Contributions			330	43		373	252			625
Reserves			142	(64)	48	126	1,167	253	(396)	1,150
Revenue			818			818	229	79	118	1,244
Capital Receipts			1,357	(409)		948	1,761			2,709
Total			30,156	(1,636)	48	28,568	41,410	23,219	6,748	99,945



CAPITAL PLAN 2016/17 TO 2019/20

SUPPORTING INFORMATION

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Produced By:

**Torbay Council,
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1. Introduction

The Council's Constitution requires the Capital Plan to be approved by full Council each year as part of the budget setting process.

In reality capital funding and approval of schemes is now an ongoing process and not linked to individual financial years as with the revenue budget. The Council currently receives a four year capital plan update and approves schemes on an ongoing quarterly basis. All capital update reports are subject to review by the Overview and Scrutiny board prior to being presented to Council.

The capital plan that will be presented for approval will be the capital plan position as reported as at Quarter Three 2015/16 – to the end of December. That will be the Quarter Two plan as presented to OSB and Council in November and December updated for new funding/schemes and any changes in profiles of schemes.

To enable review of the current plan this note will outline the funding options for 2016/17 and future years and will outline the potential projects (from the capital reserve list) that Council may wish to consider for future years if funding is available.

The Board are invited to review the Capital Plan at a future meeting and make recommendations on capital expenditure and capital funding to the Mayor, if required, prior to approval in February 2016.

The Capital Plan is closely linked to the Capital Strategy, Treasury Management Strategy, Highways Asset Management Plan and the Corporate Asset Management Plan.

2 Capital Funding 2016/17

2.1 Capital Grants: - Reoccurring Grants

The Council receives a number of central government grants on an annual basis:

- 2.1.1 Devolved Formula Capital. This is a ring fenced grant to support school capital expenditure. As ring fenced to schools there is no Council discretion.
- 1.1.2 Basic Need – Schools. This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to schools. Therefore no decision is required for 2016/17.
- 1.1.3 Condition – Schools. This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to schools. Therefore no decision is required for 2016/17.
- 1.1.4 Transport – Structural Maintenance. This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to transport. Therefore no decision is required for 2016/17.
- 2.1.5 Transport - Integrated Transport - This is an un ring fenced grant but Council has already allocated the previously announced 2016/17 allocation to transport. Therefore no decision is required for 2016/17.
- 2.1.6 Disabled Facilities Grants (DFG) - This is part of the Better Care Fund therefore it will be allocated to Disabled Facilities Grants or other social care and health initiatives.
- 2.1.7 Adult Social Care - This is part of the Better Care Fund therefore it will be allocated to social care and health initiatives.

2.2 Capital Grants: - Project Specific Grants

The Council continues to bid for additional external grant funding but, in line with the capital strategy, 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.

Funding Bids are made to a number of agencies including:

- Environment Agency
- Local Enterprise Partnership
- European Union
- Big Lottery
- Sport England
- Historic England
- Arts Council
- Central Government Departments (DCLG, DoT, DoE, DoH etc)

2.3 Capital Receipts and Capital Contributions

The current policy is to pool all capital receipts from the sale of all assets sold to support the Capital Plan in line with funding the Council's priorities. The current Capital 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. Therefore there isn't any decision required on the allocation of capital receipts.

The current policy is to pool all capital contributions such as s106 contributions to support the Capital Plan in line with funding the Council's priorities. The current Capital 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. Therefore there isn't any decision required on the allocation of capital contributions.

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 Highway. Therefore there isn't any decision required on the allocation of the CIL.

2.4 Borrowing

As supported borrowing from central government no longer exists the only form of borrowing open to the Council is unsupported or prudential borrowing.

In the absence of new capital receipts, contributions or additional un ring fenced grants and the pre allocation of un ring fenced grants to both schools and transport the only funding option available to the Council would be from prudential borrowing. Borrowing requires the repayment of principal borrowed and interest costs on the borrowing until repaid. This typically equates to £70,000 per annum for each £1m borrowed and repaid over 25 years.

Council is able to approve borrowing for new schemes providing it is prudent/affordable and that council identify how the borrowing will be funded.

One suggestion members may wish to consider is the creation of an Investment Fund to generate investment returns that can be used to support the Council's revenue budget. On a 25 year repayment the rate of return would need to be in excess of 8% per annum on the value of the investment. Council could consider a fund of up to £10 million and establish a set of investment criteria for officers to comply with in terms of suitable investments.

2.5 Alternative Funding and Delivery Opportunities

Linked closely to the capital plan is the use of 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 can use its assets to support schemes or aim to maximise funding from any source possible, such as European or Local Enterprise Partnership funding.

2.6 Prioritisation and Capital Reserve List

The current four year Capital Plan is attached as an appendix to the latest Capital Plan quarterly update report. The Plan contains previously approved allocations of funding and schemes.

In light of the significant ongoing financial challenges facing the Council the Council will prioritise capital projects that result in increased income to the Council. It is always difficult to make choices between competing priorities within a top tier Council that delivers so many varied services. To support allocation of funding a Capital Reserve list is maintained with a list of potential schemes.

An extra column has been added to show which projects could result in a direct income stream or revenue savings to the Council. Other projects in particular around transport could result in more regeneration leading to increased Business Rate income for the Council but is a more subjective judgement so not included. To support future prioritisation a “matrix” scoring criteria will be devised and applied to capital prioritisation to include factors such as legislation, health and safety, mayoral priority, income potential, risk, community support etc.

A summary of potential capital projects that are currently unfunded are as follows:

Direct Income or savings for Council	Scheme	Cost to Council £m	Notes
Mayoral Pledges			
No	Torquay Harbourside, Option 1 - Mayoral Priority Scheme	0.35	Approved By Council Sept 15 pending identification of funding
No	Brixham Railhead	tbc	Create rail link to Brixham – requires feasibility work
No	Edginswell Station	tbc	In current Capital plan, however currently a funding shortfall
No	Western Corridor – Dualling	tbc	Continued works to improve traffic flow and capacity
Children’s Services			
No	New Primary School at Edginswell	tbc	For school places from 2020.
Adult Services			
No	Learning Disability relocation	tbc	Potential relocation of clients from Hollacombe
No	New Affordable Housing schemes	tbc	Linked to Housing Strategy – schemes in excess of £1.6m currently available
Yes	Invest to save schemes to realise future savings	0.4	Linked to ICO service transformation schemes for both adults and Children’s social care
Corporate and Business Services			
Yes	Investment Fund	10.0	Fund to purchase investment properties
No	Backlog Property Assets R&M	22.0	Outstanding repairs on Council property assets – linked to Asset Management Plan
No	Emergency Infrastructure Works	tbc	Funds to action emergency works in relation to storm damage, cliff faces etc
Yes	Brixham Town Centre	tbc	Future options for car park site
No	Car Park Fencing	0.062	

No	Crown & Anchor Way	tbc	Potential purchase of land for highways and parking issues.
Yes	Claylands – Regeneration /Employment	7.5	Potential – prudential – borrowing – scheme subject to business case Scheme approved December 2015
No	Cockington Court	0.7	Backlog repairs on property leased to TDA
No	Council storage solution	tbc	Permanent solution to storage of records
No	EA Scheme - Brixham Flood Alleviation	0.060	Council contribution to Environment Agency scheme
No	EA Scheme - Broadsands Sea Wall	0.080	Council contribution to Environment Agency scheme
No	EA Scheme - Broadsands Watercourse	0.300	Council contribution to Environment Agency scheme
No	EA Scheme - Coastal Defences	0.105	Council contribution to Environment Agency scheme
No	EA Scheme - Cockington	0.105	Council contribution to Environment Agency scheme
No	EA Scheme - Collaton St Mary	0.050	Council contribution to Environment Agency scheme
No	EA Scheme - Hollicombe	0.100	Council contribution to Environment Agency scheme
No	EA Scheme - Monksbridge	0.050	Council contribution to Environment Agency scheme
No	EA Scheme - Occombe Valley	0.030	Council contribution to Environment Agency scheme
No	EA Scheme - Paignton Flood Alleviation	0.066	Council contribution to Environment Agency scheme
No	EA Scheme - River Fleet Flood Alleviation	0.050	Council contribution to Environment Agency scheme
No	Edginswell Master plan	tbc	Potential regeneration scheme
Yes	Fish Processing Plant – Regeneration	2.3	Potential regeneration scheme
No/Yes	Harbour Projects to be funded from harbour reserves	0.2	Repairs at Brixham Harbour, new workboat and spend on pontoons at Torquay harbour
No	Illumination Replacement - phase 2	0.072	Investment in festoon lighting
No	IT infrastructure Replacement	1.7	Future funding of IT infrastructure after IT reserve has been fully spent.
No	Monksbridge Road – Local Transport Board Bid	0.300	Potential Council match funding required
No	Multi Storey Car Parks R&M Backlog	3.2	
Yes	Oxen Cove - Possible development	tbc	Potential regeneration scheme
No	Paignton Town Centre – Local Transport Board	1.7	Improved transport links & infrastructure
No	Princess Gardens Fountain	0.050	
No	Princess & Haldon Piers	4.6	Structural Issues on Piers
Yes	Torquay Town Hall car park	tbc	Potential regeneration scheme
Yes	Town Centres Master plans – Torquay	tbc	Potential Council match funding and assets

			required
Yes	Town Centres Master plans – Paignton	tbc	Potential Council match funding and assets required
Community and Customer Services			
No	A385 Totnes Road – Local Transport Board	0.4	Potential Council match funding required
Yes	Backlog Transport Infrastructure R&M	11.0	Backlog repairs on transport infrastructure assets Potential invest to save case to be developed
No	Brixham Transport Hub – Local Transport Board	0.150	Potential Council match funding required
No	Clennon Valley Transport Package – Local Transport Board	1.1	Cycleway to Long Road & Dartmouth Road improvements
No	Bolton Cross	tbc	Potential future development of site
No	Princess Theatre Investment	1.0	Support potential investment in theatre improvements
Yes	Street Lighting	1.1	Prudential Borrowing to be presented to Council for expansion of LED lighting Approved by Council December 2015
No	Torre Abbey Gate House	tbc	Structural repairs required
No	Willows Sport Pitches	0.5	Potential Council match funding required
No	Helipad	tbc	Feasibility required to support business case
No	Torquay Harbourside - Option 2 & 3	4.0	Further enhancements to Torquay Harbourside area
No	TOR2 Asset Replacement	tbc	Potential costs of asset purchases (vehicle and plant) in relation to TOR2 services
No	Torre Railway Station – Local Transport Board	0.1	Potential Council match funding required
No	Torquay Harbourside and Sea Front – Local Transport Board	1.7	Improved transport links & infrastructure

2.7 Options

Members when reviewing the capital plan have a number of options to consider.

These include:

- Review current plan and reallocate funding from previously approved schemes or allocations to fund alternative schemes
- Recommend prudential borrowing to fund schemes
- Recommend alternative options to fund schemes
- Recommend bids for external funding to fund schemes
- Recommend individual projects within previously approved service allocations
- Recommend additional asset disposals to fund schemes
- Recommend priority schemes for approval should funding become available



CORPORATE CAPITAL STRATEGY

2016/17 REVISION

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Appendix 1 - Definition of Capital Expenditure

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1. **Introduction**

The Corporate Capital Strategy forms part of the Council's Budget as it sets out the principles to be used 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 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. A fuller definition is attached at Appendix 1. 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 2,300 properties has a current use Balance Sheet value of approx. £300 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 part of the Budget and links with the Treasury Management Strategy and in particular 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

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.

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

2. **Guiding Principles**

In light of the significant ongoing financial challenges facing the Council the Council will prioritise capital projects that result in increased income to the Council.

No capital funding to be allocated to projects unless funding confirmed or realised in particular capital receipts and contributions.

2.1 **Approach to Borrowing**

The Council is able to borrow money on the money market or from the Public Works Loans 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 2015/16 Treasury Management Strategy was to continue to reduce the level of Council borrowings over four years which implied that no new major prudential borrowing schemes will be approved. However the proposed capital plan for 2016/17 combined with prudential borrowing already approved in 2015/16 will reverse that strategy for 2016/17 resulting in a need to borrow over the next four years.

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). In the light of the recent Corporate Peer Review the Council is encouraged to be less risk averse. However it is still 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. In light of the restrictions on both revenue and capital funds over the next few years the Council will take a more pragmatic approach to funding this type of scheme by using prudential borrowing and spread the costs over a number of years.

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 relevant Director or Executive Head in consultation with the relevant Executive Lead.

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 Plan in line with funding the Council's priorities. The current Capital 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.

The Council has previously approved, in line with legislation, that revenue costs of disposals, up to 4% of the disposal value can be accounted for as capital expenditure.

Asset Disposals at nil consideration or below market value.

In considering asset disposals, the Council also needs to take into account the policy on Community Asset Transfers where if applicable in line with the Asset Management Plan, the Council will consider, 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. 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, which will not require Council consent.

Right-to-Buy Clawback

100% of these receipts will support the provision of the housing functions.

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 Highway or a specific scheme to increased school places.

The current policy is to pool all capital contributions to support the Capital Plan in line with funding the Council's priorities. The current Capital 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.

The Council will take a pragmatic view where reserves and revenue are being proposed to fund a capital project and consider whether prudential borrowing should be used instead to spread the cost over a number of years and in the short term use the revenue and reserve funding for other priorities.

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. In light of the significant ongoing financial challenges facing the Council the Council will prioritise capital projects that result in increased income to the Council. A Capital Reserve list is maintained. To support future prioritisation a "matrix" scoring criteria will be devised and applied to capital prioritisation to include factors such as legislation, health and safety, mayoral priority, income potential, risk, community support etc.

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 Head in consultation with the relevant Executive Lead.

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 Plan will be updated and any recommendations for schemes to be approved by Council included in the next quarterly Capital 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 a previously 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 can 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.

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: Adjourned Council

Date: 11th February 2016

Wards Affected: All Wards in Torbay

Report Title: Treasury Management Strategy 2016/17 (incorporating the Annual Investment Strategy 2016/17 and the Minimum Revenue Provision Policy 2016/17)

Is the decision a key decision? No

When does the decision need to be implemented?

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. Proposal 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 2016/17 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. Reason for Proposal

- 2.1 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.
- 2.2 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.

- 2.3 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.
- 2.4 Under CLG regulations the Council is required to approve a Minimum Revenue Provision (MRP) Statement in advance of each year.
- 2.5 At its meeting on 22nd October 2015 Council approved the diversification of a proportion of the investment portfolio into peer to peer lending. On review of the process and returns of the initial period the Chief Finance Officer is recommending a prudent increase to the maximum exposure limit.

3. Recommendation(s) / Proposed Decision

- 3.1 **That an increase to the maximum exposure to Peer to Peer Lending from £100,000 to £200,000 as set out within Annex 6 of this report be approved.**
- 3.2 **That the Treasury Management Strategy for 2016/17 (incorporating the Annual Investment Strategy 2016/17) be approved;**
- 3.3 **That the Prudential and Treasury Indicators 2016/17 laid out in section 5 and Annex 1 of the submitted report be approved;**
- 3.4 **That the Annual Minimum Revenue Provision Policy Statement for 2016/17 as shown in Annex 2 to the submitted report be approved.**

4. Background

- 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 2016/17 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 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.

4.6 The proposed strategy for 2016/17 covers two main areas:

Capital issues

- Capital expenditure and the Capital Financing Requirement
- the minimum revenue provision (MRP) policy.

Treasury Management issues

- core funds and expected investment balances
- Prudential and Treasury Indicators;
- prospects for interest rates;
- Borrowing;
- 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.

5. Capital expenditure and the Capital Financing Requirement

5.1 The Council's capital expenditure plans are the key driver of treasury management activity and provide a guide to the borrowing need of the Council to ensure its capital spending obligations can be met. This long term cash flow management may involve arranging long or short term loans, or using long term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

5.2 The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure

5.3 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts (based on figures at 13th January 2016):

Capital expenditure £m	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Total	20.4	29.9	40.0	23.2	6.7

5.4 The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

5.5 The table below summarises the above capital expenditure plans and how these

Capital expenditure £m	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Total	20.4	29.9	40.0	23.2	6.7
Financed by:					
Capital receipts	0.1	0.9	1.8	0	0
Capital grants	13.0	14.2	17.8	13.7	4.2
Capital reserves	1.0	0.2	1.2	0.3	(0.4)
Revenue	0.8	0.8	0.2	0.1	0.1
Contributions	0.6	0.4	0.3	0	0
Net financing need for the year	4.9	13.4	18.7	9.1	2.8

plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

The Capital Financing Requirement

5.6 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply 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. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets 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 £40M of such schemes within the estimated CFR.

The Council is asked to approve the CFR projections below:

£m	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Estimate	Estimate	Estimate
Capital Financing Requirement					
Total CFR	135	174	187	191	187
Movement in CFR	(1)	39	13	4	(4)

Movement in CFR represented by					
Net financing need for the year (above)	5	44*	19	9	3
Less MRP/VRP and other financing movements	(6)	(5)	(6)	(5)	7)
Movement in CFR	(1)	39	13	3	(4)

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

6. Minimum Revenue Provision (MRP) policy statement

- 6.1 The Council is required to set aside an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 6.2 The recommended MRP Policy for 2016/17 is set out at Annex 2 to this report. The Chief Finance Officer will be fully reviewing this MRP policy in the coming months. The review will consider alternative options, the assessment may result in proposed changes to the above 2016/17 policy. If the 2016/17 policy does need updating the amendments will be presented within the Treasury Management Mid-Year Review report in the autumn of 2016.
- 6.3 The Chief Finance Officer will be fully reviewing this MRP policy in the coming months. The review will consider alternative options, the assessment may result in proposed changes to the above 2016/17 policy. If the 2016/17 policy does need updating the amendments will be presented within the Treasury Management Mid-Year Review report in the autumn of 2016.
- 6.4 Subject to Council approval the Chief Finance Officer will also review the existing approved 2015/16 MRP policy if beneficial to the Council.

7. Core funds and expected investment balances

7.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions 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	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Fund balances / reserves	35	29	24	20	20
Capital receipts	3	1	3	3	3
Provisions	2	2	2	2	2
Other	9	10	10	10	10
Total core funds	49	42	39	35	35
Working capital*	12	10	10	10	10
(Under)/over borrowing	10	3	(13)	(23)	(23)
Expected investments	71	55	36	22	22

*Working capital balances shown are estimated year end; these may be higher mid year

8. Prudential and Treasury Indicators

8.1 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 2016/17 and future years are set out at Annex1.

9. Prospects for interest rates

9.1 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. The following table gives their central view with a more detailed analysis provided at Annex 3.

Capita Asset Services Interest Rate View													
	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%

9.2 An economic commentary provided by Capita Asset Services is provided at Annex 4 for information.

10. Borrowing

10.1 The capital expenditure plans set out in Section 5 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

10.2 The Council's borrowing portfolio position at 31 March 2015, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2014/15	2015/16	2016/17	2017/18	2018/19
£m	Actual	Estimate	Estimate	Estimate	Estimate
External Debt					
Debt at 1 April	138	138	138	138	134
Expected change in Debt	0	0	0	(4)	(2)
Other long-term liabilities (OLTL)	8	7	39	36	34
Expected change in OLTL	(1)	32	(3)	(2)	(2)
Actual gross debt at 31 March	145	177	174	168	164
The Capital Financing Requirement	135	174	187	191	187
(Under) /over borrowing	10	3	(13)	(23)	(23)

- 10.3 In recent years the Council has been in an over-borrowed position giving rise to a key strategy aim of early repaying existing loans. The situation will reverse in 2016/17 with borrowing levels falling below the requirement and the Council utilising its cash resources (internal borrowing) to fund the balance in the short term.
- 10.4 New Capital schemes will significantly increase the internal borrowing position beyond the level the CFO believes is prudent for the Council to successfully meet its future commitments. The level of external borrowing therefore needs to increase to close the gap to the CFR and the rate forecasts in section 9 indicate the optimum timing for borrowing to be in the short term prior to expected rate rises.
- 10.5 Consequently the borrowing strategy will focus on taking new borrowing of up to £10million within the next four years to restrict the projected internal borrowing position to a level of around £10M and retain sufficient cash to back core funds. The CFO will aim to borrow within a preferred maturity range of 10 to 25 years to lock into affordable rates over the life of new assets at points when rates are viewed to be at advantageous levels.
- 10.6 Consideration will also be given to forward refinancing of existing loans maturing in subsequent years if new rate projections forecast a significant rise in future borrowing levels.
- 10.7 The CFO will also continue to monitor for opportunities (sharp drop in rates) to reschedule existing loans with the aim of achieving revenue savings and/or reducing the average maturity structure of the debt portfolio.
- 10.8 The budget for payment of interest on debt for 2016/17, assuming new borrowing per para 10.5, is based on an overall borrowing rate of 4.34% (4.39% in 2015/16).

11. **ANNUAL INVESTMENT STRATEGY**

Investment policy

- 11.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice.
- 11.2 The Council's investment priorities, in line with CLG Guidance, are: -
- the security of capital
 - the liquidity of its investments.
- 11.3 The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 11.4 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.
- 11.5 Annex 5 to this report details the creditworthiness policy for selection of counterparties and management of investments to achieve the objectives of the Investment Policy.

- 11.6 A decision by the Chief Finance Officer to temporarily remove all Eurozone Banks, regardless of rating, from the approved counterparty list for in-house investments remains in place but does not form part of this policy.
- 11.7 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.
- 11.8 The Investment Strategy is based on current projected cash levels. If any significant changes occur to cash levels, then the Investment Strategy will need to be reviewed.
- 11.9 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

- 11.10 Investment returns are likely to remain low in 2016/17 despite forecast rises in Bank rate (see section 9).
- 11.11 Expected investment levels at section 7 are subject to increasing risk. Counterparty pressure (lack of suitable risk institutions) have eased slightly but remains a significant 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.
- 11.12 The perceived risks to the Bank Rate forecasts are to the downside (i.e. rate rises may be later than expected). This scenario justifies the continued use of longer term deposits to lock into higher rates and provide guarantee of return in the short term. A total of £12 million is currently locked out beyond 2016 and this will be increased subject to suitable opportunities and compliance with the Treasury Indicator for prudent amounts to be invested for over 364 days.
- 11.14 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 unexpected events and strategy transactions (eg repayment of loans prior to rescheduling).
- 11.16 The external 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 and the expected reduction in cash balances.
- 11.17 The interest receipts budget for 2016/17 is based on an average investment balance of £55 million and an average investment rate of 1.17% (the estimate for 2015/16 was 0.94%).
- 11.18 The CFO will continue to monitor the market for new opportunities to increase investment return and will report to Council as appropriate.
- 11.19 In October 2015 Council approved the use of peer to peer lending as a new investment vehicle and a review on the early process and returns is included at Annex 7 to this report. The initial period has been successful but too short a time to

be fully confident of the risks at this stage. The CFO is therefore recommending only a limited increase in exposure up to £200,000 for 2016/17.

- 11.20 Council further approved exposure to the Local Authorities Property Fund. Officers have delayed any investment to investigate potential new opportunities from other Funds permitted within the list of approved instruments at Annex 6. The CFO will aim to invest £5M to £10M in such a fund during 2016/17 in line with Council approval.

12. Treasury Management Consultants

- 12.1 The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.
- 12.2 The Council acknowledges that there is 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.
- 12.3 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

13. Reporting Arrangements and Management Evaluation

- 13.1 Members will receive the following reports for 2016/17 as standard in line with the requirements of the Code of Practice:
- Annual Treasury Management Strategy report (this report)
 - Mid-Year Treasury Review report
 - Annual Treasury Outturn report
- 13.2 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.
- 13.3 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.
- 13.4 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.
- 13.5 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
 - Periodic meeting of the Treasury Manager/Chief Finance Officer 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 Club
- The Audit Committee is the body responsible for scrutiny of Treasury Management.

14. Other Matters

14.1 **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 01/04/15	Full Term of Loan	Rate
Torbay Economic Development Company*	£575,000	25 years	Linked to Council borrowing Rate
Torbay Economic Development Company*	£1,455,000	25 years	Linked to Council borrowing Rate
Academy Schools	£213,000	3 to 7 years	Linked to Council borrowing Rate
Babbacombe Cliff Railway	£13,000	10 years	Linked to Council Borrowing Rate
Housing Loans	£2,000	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
Sports Clubs	£5,000	10 years	Linked to Council Borrowing Rate
Suttons Seeds Ltd **	£1,500,000**	3 years	Market rate
Torbay Coast & Country side Trust	£900,000	45 years	Linked to Bank Base Rate

*Not fully drawn down as at 31st December 2015

**Original advance repaid and no further drawdowns on the facility to date

The current overall rate of interest on these loans is around 4%.

14.2 **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.

14.3 **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.

- 14.4 **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.
- 14.5 **Anti-Money Laundering.** The Council will comply with all relevant regulations.
- 14.6 **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.

Appendices

Annex 1	Prudential and Treasury Management Indicators
Annex 2	Policy on Minimum Revenue Provision for 2016/17
Annex 3	Interest Rate Forecasts 2016 – 2019
Annex 4	Economic Background
Annex 5	Creditworthiness Policy
Annex 6	Specified and Non-specified Investments
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Annex 1

Prudential & Treasury Management Indicators 2016/17 – 2018/19

Affordability prudential indicators

Section 5 of the report covers 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.

	2015/16	2016/17	2017/18	2018/19
%	Estimate	Estimate	Estimate	Estimate
Ratio	9.11	10.30	10.70	11.42

The estimates of financing costs include current commitments and the proposals in this budget report.

Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. 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.

Incremental impact of capital investment decisions on the band D council tax

	2015/16	2016/17	2017/18	2018/19
%	Estimate	Estimate	Estimate	Estimate
Council tax - band D	0.00	1.09	1.52	1.53

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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	148	167	170	170
Long term liabilities	40	40	38	36
Total	188	207	208	206

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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	167	194	202	209
Other long term liabilities	40	40	38	36
Total	207	234	240	245

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 2016/17			
	Lower	Upper	Projected 31/03/2017
Up to 10 years	5%	50%	19%
10 to 20 years	5%	50%	19%
20 to 30 years	10%	60%	24%
30 to 40 years	10%	50%	27%
Over 40 years	0%	50%	11%

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 Actual	2015/16	2016/17	2017/18	2018/19
Principal sums invested > 364 days	27	51	28	16	12

Annex 2

Policy on Minimum Revenue Provision for 2016/17

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. Central Government guidance says:

“the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.”

4. 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.
5. Torbay Council’s Annual Minimum Revenue Provision Policy Statement states that the calculation of the MRP is as follows:
 - 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 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.

For 2016/17 unsupported borrowing will be further classified as either operational or investment, based on the expected use of the underlying asset.

The MRP for each operational asset will be calculated, as in previous years, 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. 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.

The MRP for each investment asset will be calculated on the equal instalment method over the estimated life of the asset up to 50 years. An adjustment to the MRP calculation will be made where there is expenditure in the previous financial year, but the asset is not yet ready for service. MRP will be calculated on the total expenditure on that asset in the year after the asset becomes available for rent.

6. Where relevant, the suggested asset lives for certain types of capitalised expenditure as detailed in the MRP guidance issued by DCLG will be used.
7. The Council will continue to charge services for their use of unsupported borrowing using a prudent asset life (or a shorter period) and, if an operational asset an annuity calculation or if an investment asset an equal instalment 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.
8. 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.
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. 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 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.

- 12 The Chief Finance Officer will be fully reviewing this MRP policy in the coming months. The review will consider alternative options, the assessment may result in proposed changes to the above 2016/17 policy. If the 2016/17 policy does need updating the amendments will be presented within the Treasury Management Mid-Year Review report in the autumn of 2016.

Annex 3

Interest rate Forecasts 2016 - 2019

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective for new borrowing as of the 1st November 2012.

Capita Asset Services Interest Rate View													
	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.80%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%
6 Month LIBID	0.70%	0.70%	0.80%	0.90%	1.00%	1.20%	1.30%	1.50%	1.60%	1.70%	1.80%	2.00%	2.20%
12 Month LIBID	1.00%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.80%	1.90%	2.00%	2.10%	2.30%	2.40%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB Rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB Rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
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%	1.50%	1.75%	1.75%
Capital Economics	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	-	-	-	-	-
5yr PWLB Rate													
Capita Asset Services	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
Capital Economics	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	-
10yr PWLB Rate													
Capita Asset Services	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
25yr PWLB Rate													
Capita Asset Services	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
50yr PWLB Rate													
Capita Asset Services	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
Capital Economics	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	-

Annex 4

Economic Background (supplied by Capita asset Services, 21/12/2015)

UK. UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, probably being second to the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y) before weakening again to +0.5% (2.3% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and the November Inflation Report flagged up particular concerns for the potential impact on the UK.

The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel prices will now delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% in the second half of 2016 and not get to near 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase. There is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

USA. The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.1% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 has prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this lacklustre progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame

and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

- Investment returns are likely to remain relatively low during 2016/17 and beyond;
- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 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.

Annex 5

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, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
 - credit watches and credit outlooks from credit rating agencies;
 - 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, illustrated below which indicate the relative creditworthiness of counterparties. The Chief Finance Officer applies and reviews suitable financial and durational limits to each of these bands.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
up to 5yrs	up to 5yrs	up to 5yrs	up to 2yrs	up to 2yrs	up to 1yr	up to 6mths	up to 100days	no colour

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. (This band is now effectively limited to the Royal Bank of Scotland Group.)
4. 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.
5. 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.

6. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ and also have banks operating in sterling markets. 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	Netherlands	United Kingdom
Canada	Norway	
Denmark	Singapore	
Finland	Sweden	
Germany	Switzerland	
Luxembourg	USA	

6. 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.
7. 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.
8. 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.
9. 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.

Annex 6

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 criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS:

All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable.

	* Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	LAs and other public bodies classified as colour band "Yellow"	In-house
Term deposits – banks and building societies	Creditworthiness system colour band "Green" and above	In-house and Fund Manager
UK part nationalised banks	Creditworthiness system colour band blue	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	* MMF rating AAA	In-house and Fund Managers
2. Money Market Funds	* MMF rating AAA	In-house and Fund Managers
3. Enhanced Money Market Funds with a credit score of 1.25	* MMF/bond fund rating	In-house and Fund Managers
4. Enhanced Money Market Funds with a credit score of 1.5	* MMF/bond fund rating AAA	In-house and Fund Managers
5. Bond Funds	* bond fund rating AAA	In-house and Fund Managers
6. Gilt Funds	* bond fund rating AAA	In-house and Fund Managers

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 investment or % of total investments	Max. maturity period *
UK nationalised/part-nationalised banks (maturities over one year)	Creditworthiness system colour band "Blue"	In-house and Fund Manager	50%	2 years
Term deposits (over one year) – local authorities and other public sector bodies	LAs and other public bodies classified as colour band "Yellow"	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
Certificates of deposits issued by banks and building societies (maturities under one year)	Creditworthiness system colour band "Green" and above	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 Manager	100%	5 years
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" and above	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	£10million	5 years
Property Fund: <i>not classified as capital expenditure</i>	--	In-house	£10million	5 years

Investment Type	Minimum Credit Criteria	Use	Max investment or % of total investments	Max. maturity period *
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs):- 1. Bond Funds 2. Gilt Funds	AAA	Fund Manager	35%	5 years
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
Peer to Peer Lending	Funding Circle rating B or equivalent	In-House	£200,000	5 years

*Of which in any class of investment:

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

Annex 7

Review of Peer to Peer Lending (as at 23rd December 2015)

At its meeting on 22nd October 2015 Council approved:

“that the Annual Investment Strategy be varied to allow diversification of the investment portfolio into higher risk investments, initially on an experimental basis, and approve investment in one or both of the following instruments:

- peer to peer lending – with overall investment of £100,000; maximum individual loan amount of £1,000; maximum loan term of five years; and limited to credit ratings ‘A+’, ‘A’ and ‘B’; and
- The CCLA Local Authorities Property Fund.”

In response Officers have registered the Council with Funding Circle, one of the leading peer to peer providers and to date have applied an investment sum of £60,000 (in tranches of £10,000)

Of this sum:

- £59k has been applied to active loans spread over 105 businesses
- £1k is currently bid on 2 loans yet to be applied.

The Council’s contributions represent a small element of each overall loan. Loan amounts generally range from £200 to £1000 maximum. This maximum has only been applied to secured loans such as property related loans where investors have a first charge over the assets. The proportion of secure/unsecured loans is:

Secured Loans	37%
Unsecured loans	63%

The maximum exposure to any one business is 1.7% of the overall investment.

The proportion of loans by risk rating is:

A+	75%
A	16%
B	9%

The proportion of loans by duration rating is:

Up to 1 year	19%
1 to 2 years	25%
2 to 3 years	13%
Over 5 years	43%

The **gross return** on active loans stands at **8.9%**

The expected **net yield**, after charges and assumed bad debt, is **6.8%**

Earnings to date are:

	£
Interest	215.66
Promotions	245.20
Less: charges	<u>(25.82)</u>
Net income	<u>435.04</u>

There have been no defaults on any Council backed loan so far.

Loan repayments are received on the month anniversary of each loan part consisting of principal and interest (interest only on property related loans), net of a fee of 1%.

Reliance is placed on the Funding Circle's evaluation of Business's and its risk ratings for loan selection. Officers have viewed individual loan requests during this experimental period but separate assessment will not be practical given the high volume of loan bids and available resources.

While loan selection will therefore be "one-click" process, the CFO has ruled that the use of the automated bidding system is not appropriate for Council funds and Officers will continue to "have sight" of each loan by manual selection.

Meeting: Council

Date: 10 December 2015

Wards Affected: All Wards

Report Title: Council Tax Base 2016/17

Is the decision a key decision? Yes

When does the decision need to be implemented?

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

Supporting Officer Contact Details: Martin Phillips, Chief Finance Officer, telephone 01803 207285, email martin.phillips@torbay.gov.uk

1. Purpose and Introduction

- 1.1 The Council is required to determine its Tax Base for Council Tax purposes for 2016/17 during the period 1 December 2015 to 31 January 2016 and the level of Council Tax subsequently set must use this base figure. A Tax Base calculation is provided in Appendix 1 for an appropriate decision to be made.
- 1.2 The Council, as a billing authority, is required to calculate a separate Tax Base for the Brixham Town Council area. A Tax Base calculation for the area is provided in Appendix 2 for an appropriate decision to be made.

2. Proposed Decision

- 2.1 That the calculation of the Council Tax Base for the year 2016/17 be approved as shown in Appendix 1 to the submitted report.
- 2.2 That the calculation of the Brixham Town Council Tax Base for the year 2016/17 be approved as shown in Appendix 2 to the submitted report.
- 2.3 That, subject to 2.1 above, in accordance with the Local Authorities (Calculation of Tax base) (England) Regulations 2012, the amount calculated by Torbay Council as its Council Tax base for the year 2016/17 should be 43,180.70.
- 2.4 That, subject to 2.2. above, in accordance with the Local Authorities (Calculation of Tax base) (England) Regulations 2012, the amount calculated by Torbay Council as the Council Tax base for Brixham Town Council for the year 2016/17 should be 5,811.07.

3. Reason for Decision

- 3.1 The calculation of the Council Tax Base for both Torbay and Brixham Town Council is a statutory requirement in the budget setting process.

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

Supporting Information

4. Position

A1. Taxbase

- A1.1 The Council is required by the 31st January to establish a base figure for the purpose of setting the level of Council Tax each year – the “Tax Base”. The calculation of this figure is prescribed by the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.
- A1.2 The Regulations require this calculation to be made between 1st December 2015 and 31st January 2016 and for this figure to be notified to precepting authorities by the 31st January 2016. For the year commencing 1st April 2016 these will be the major precepting authorities of Police and Crime Commissioner for Devon and Cornwall, Devon and Somerset Fire and Rescue Authority and as a local precepting authority, Brixham Town Council.
- A1.3 Torbay Council, together with Police and Crime Commissioner for Devon and Cornwall, Devon and Somerset Fire and Rescue Authority and Brixham Town Council are required to use the tax base calculated by Torbay Council, as the billing authority, to determine their basic amounts of Council Tax for 2016/17.
- A1.4 The calculation of the tax base is prescribed by statute. It reflects the aggregate of the “relevant amounts” for each valuation band (including the impact from Council Tax Support Scheme) multiplied by the anticipated collection rate for the year. The calculation for the Council’s tax base is shown in Appendix 1 and the calculation for Brixham Town Council is shown in Appendix 2.
- A1.5 The calculation of the relevant amount begins with the actual number of dwellings on the “relevant date”. For 2016/17 this is the 30th November 2015 and this is the date that must be used. This number is adjusted to make allowance for estimated variations to the list in the course of the year and for the impact of allowed discounts to certain classes of dwellings.
- A1.6 The impact of the Council Tax Support Scheme including the impact of the exceptional hardship scheme, which is linked to claimants, is converted to an equivalent number of dwellings per band by dividing the estimated cost per band of the reductions divided by the estimated Council Tax for that band.

- A1.7 These are then converted into Band “D” equivalents to produce the “relevant” amounts prescribed by the Regulations.
- A1.8 The billing authority then estimates its Council Tax Collection Rate, which is the percentage of 2016/17 Council Tax demands which it predicts will be paid into the Collection Fund during 2016/17. The in year Collection rate estimated for 2016/17 is 96.0% and this is reflected in the Tax Base calculation.
- A1.9 The calculated Council's tax base for 2016/17 of 43,180.70 compares with the 2015/16 tax base of 42,370.75 a 1.9% increase. This increase reflects the growth in the number of properties, which may be either new build or older properties, adapted and brought back in to use offset by the number of dwellings subject to an exemption, discount or a reduction and the impact of the Council Tax Support Scheme.
- A1.10 To calculate the council tax due to Brixham Town Council a Tax Base must be determined by Torbay Council, as the billing authority. The tax base for Brixham Town Council is and the calculation is shown in Appendix 2.
- A1.11 The calculated Brixham Town Council's tax base for 2016/17 of 5,811.07 compares with the 2015/16 tax base of 5,719.39 a 1.6% increase.

A2 Technical Adjustments

- A2.1 Within the Taxbase calculation there are a number of exemptions and discounts for certain categories of dwellings. Some of these are set by central government and some the Council has discretion over. There are no new options available for discretionary technical adjustments and therefore no changes are proposed.

3. Possibilities and Options

- 3.1 None – calculation of taxbase is based on statute.

4. Fair Decision Making

- 4.1 Not applicable

5. Public Services (Social Value) Act 2012

- 5.1 Not applicable

6. Risks

- 6.1 If taxbase not approved by end of January 2016 then the Council is unable to set a budget and this will impact on other precepting bodies.

8.1 **Appendices**

Appendix 1 The calculation of Torbay Council Tax Base 2016/17

Appendix 2 The calculation of Brixham Town Council Tax Base 2016/17

Meeting: Council

Date: 25th February 2016

Wards Affected: All Wards in Torbay

Report Title: Council Tax 2016/17

Is the decision a key decision? Yes

When does the decision need to be implemented? The Council has a statutory obligation to set a Council Tax Requirement and a Council Tax for the Torbay area, including the demands of the precepting bodies, for 2016/17 before 11th March in the preceding financial year.

Executive Lead Contact Details: Gordon Oliver, Mayor and Executive Lead for Finance and Audit, 01803 207001, mayor@torbay.gov.uk

Supporting Officer Contact Details: Martin Phillips, Chief Finance Officer, 01803 207285, Martin.phillips@torbay.gov.uk

1. Purpose and Introduction

1.1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2016/17.

2. Proposed Decision

2.1 That the Council is recommended to note:

2.2 That in December 2015 the Council calculated the Council Tax Base for 2016/17:-

- a) For the whole Council area as 43,180.70, [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
- b) For dwellings in the Brixham Town Council area as 5,811.07 to which a Parish precept relates.

2.3 That the Police and Crime Commissioner for Devon and Cornwall and the Devon and Somerset Fire and Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table in paragraph 2.6 below.

That the Council is recommended to approve:

- 2.4 The Council Tax requirement for the Council's own purposes for 2016/17 (excluding Brixham Town Council) of £56,631,056.
- 2.5 That the following amounts be calculated for the year 2016/17 in accordance with Chapter Three of the Act:
- a) £267,034,519 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account the precept issued to it by Brixham Town Council.
 - b) (£210,169,615) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - c) £56,864,904 being the amount by which the aggregate at 2.5(a) above exceeds the aggregate at 2.5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (item R in the formula in Section 31B of the Act).
 - d) £1316.91 being the amount at 2.4(c) above (Item R), all divided by Item T (2.2(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - e) £233,848 being the aggregate amount of all special items (Brixham Town Council) referred to in Section 34(1) of the Act.
 - f) £1,311.49 being the amount at 2.5(d) above less the result given by dividing the amount at 2.5(e) above by Item T (2.2(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- 2.6 That the Council, in accordance with Chapter Three of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings.

	Valuation Band							
	A	B	C	D	E	F	G	H
Ratio of each band to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
Torbay Council	874.33	1,020.05	1,165.77	1,311.49	1,602.93	1,894.37	2,185.82	2,622.98
Police and	115.23	134.43	153.64	172.84	211.25	249.66	288.07	345.68

Crime Commissioner								
Devon and Somerset Fire and Rescue Authority	53.32	62.21	71.09	79.98	97.75	115.53	133.30	159.96
Aggregate of Council Tax Requirements ex. Town Council	1,042.88	1,216.69	1,390.50	1,564.31	1,911.93	2,259.56	2,607.19	3,128.62
Brixham Town Council	26.83	31.30	35.77	40.24	49.18	58.12	67.07	80.48
Aggregate of Council Tax Requirements including Brixham Town Council	1,069.71	1,247.99	1,426.27	1,604.55	1,961.11	2,317.68	2,674.26	3,209.10

2.7 That the Council's basic amount of Council Tax for 2016/17 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. (see paragraph 5.9)

3. Reason for Decision

3.1 The Council has a statutory obligation to set a Council Tax Requirement and a Council Tax for the Torbay area, including the demands of the precepting bodies, for 2016/17 before 11th March in the preceding financial year. By approving proposed decisions the Council will meet that requirement.

4 Summary

4.1 Members should note that due to the complexity of setting the council tax level in accordance with statute it is not possible to simplify this report.

4.2 The Council is required, in accordance with the Local Government Finance Act 1992, as amended by the Localism Act 2011, to set an amount of Council Tax for each of the eight Valuation Bands for the coming financial year before 11th March. This is a matter of calculation only but in accordance with Section 67 of the Act has to be set by the Council.

4.3 The Council approved the statutory Tax Base for Torbay at its meeting in December 2015 as 43,180.70 for the year 2016/17, and approved the 2016/17 Tax Base for Brixham Town Council as 5,811.07. When the "Council Tax Requirements" of the Police and Crime Commissioner for Devon and Cornwall, the Devon and Somerset Fire and Rescue Authority and Torbay Council (including Brixham Town Council) are determined, it remains only to make the statutory "basic tax" calculations in

accordance with the Local Government Finance Act 1992, as amended by the Localism Act 2011, and “set” the tax for the eight Valuation Bands A to H ranging from 6/9ths to 18/9ths of the basic amount – “Band D”.

4.4 The precept levels of other precepting bodies have been received. These are detailed below:

4.5 Brixham Town Council

Brixham Town Council met on 18th February 2016 and set their precept at £233,848. This results in a Band D Council Tax for 2016/17 of £40.24, (£39.00 2015/16), which is an increase of 3.2%.

4.6 Police and Crime Commissioner (PCC) for Devon & Cornwall

The Police and Crime Commissioner for Devon and Cornwall met on 5th February 2016 and set a precept at £7,463,352. This results in a Band D Council Tax for 2016/17 of £172.84, (£169.47 2015/16), an increase of 1.99%.

4.7 Devon and Somerset Fire and Rescue Authority

Devon and Somerset Fire and Rescue Authority met on 19th February 2016 and set their precept at £3,453,592. This results in a Band D Council Tax for 2016/17 of £79.98, (£78.42 2015/16), an increase of 1.99%.

4.8 If the formal Council Tax Resolutions within 2.6 above are approved, the total basic amount “Band D” of Council Tax will be as follows:

	2015/16 £	2016/17 £	2016/17 % Change
Torbay Council	1,261.17	1,311.49	3.99%
Police and Crime Commissioner	169.47	172.84	1.99%
Devon and Somerset Fire and Rescue Authority	78.42	79.98	1.99%
Sub-Total	1,509.06	1,564.31	3.66%
Brixham Town Council (only payable by Brixham residents)	39.00	40.24	3.18%
Total	1,548.06	1,604.55	3.65%

5 Supporting Information

5.1 The Mayor presented the 2016/17 revenue budget proposal to Council on 4th February which was adjourned to the 11th February 2016. A number of objections were raised at this meeting, therefore the decision was deferred until the 25th February. The proposed 2016/17 net revenue budget is £109.1m

- 5.2 This is net expenditure before the Council's general income and funding, which includes a 49% share of business rates retention, NNDR top up grant, revenue support grant, other general grants and any collection fund surplus or deficit.
- 5.3 This results in a Council Tax requirement for the Torbay Council element of £56.631m. Including the Brixham Town Council precept the Council Tax requirement is £56.865m.
- 5.4 DCLG have confirmed that local authorities with adult social care responsibilities 'will be given 2% additional Council Tax flexibility, on top of their existing referendum threshold, for the rest of the Parliament on the understanding that they use all additional revenue for adult social care services'. The 2016/17 revenue budget proposals include the additional 2% precept to be spent on adult social care. This will result in a Band D precept of £25.22 and provide £1.1m to be spent on adult social care which is within the figures in para 5.3 above.
- 5.5 Expenditure at that level (as para 5.3) for Torbay Council will result in a Band D Council Tax for 2016/17 of £1,311.49, a 3.99% increase in the Torbay Council element of the Council tax.
- 5.6 Under section 52ZB(1) of the Local Government Finance Act 1992 ("the 1992 Act") as inserted by Schedule 5 to the Localism Act 2011, each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year ("the year under consideration") is excessive. If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount.
- 5.7 The question whether an authority's relevant basic amount of council tax for a financial year ("the year under consideration") is excessive must be decided in accordance with a set of principles determined by the Secretary of State for the year
- 5.8 The 'Referendums Relating to Council Tax Increases (Principles) Report 2016/17 ' said:-
- 5.9 'For 2016-17, the relevant basic amount of council tax of an authority which belongs to the category is excessive if the authority's relevant basic amount of council tax for 2016-17 is 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2015-16'.
- 5.10 For Torbay Council if the formal Council Tax Resolutions within 2.5 above are approved the change in the "relevant basic amount" (i.e. the Band D Council tax) is 3.99%. which is not excessive.
- 5.11 The gross expenditure and income figures included at 2.5 (a) and 2.5 (b) are linked to the budget digest information presented to Council in February, which are prior to any adjustments to comply with CIPFA and central government reporting requirements

6. Possibilities and Options

- 6.1 Statutory requirement, there are no alternative options.

7. Fair Decision Making

7.1 Statutory requirement, there are no alternative options.

8. Consultation

8.1 There has been extensive consultation on the budget proposals with all Members and through the Overview and Scrutiny Board meetings held in 2015 and in January 2016 and consultation with stakeholders and residents through a series of Community Partnership meetings and Council staff.

9. Risks

9.1 The Council must set the Council Tax before 11th March each year. The Collection of Council Tax income is essential to ensure the services provided by the Council and the other precepting bodies are adequately funded.

9.2 If the Council fails to set a Council Tax before 11th March, it will be in breach of its statutory obligation and subject to legal challenge.

Additional Information

Spending Review – Council Tax referendum principles

<https://www.gov.uk/government/publications/council-tax-in-2016-to-2017-updated>

Council Taxbase 2016/17 - Report to Council 10 December 2015

<http://www.torbay.gov.uk/DemocraticServices/documents/s26587/Council%20Tax%20Base%202016%2017.pdf>

2016/17 Revenue Budget Proposals – Report to Council 3 February 2016

<http://www.torbay.gov.uk/DemocraticServices/documents/b13118/Revenue%20and%20Capital%20Plan%20Budget%202016%2017%20Wednesday%2003-Feb-2016%2017.30%20Council.pdf?T=9>

Column Ref No	2015-16 Restated Revenue Budget	Children's 5 year Funding Strategy (Oct 14) Removal of year 1 funding	16/17 Base budget	Changes in Funding for 16/17 build	Estimated Net Reduction in Funding	Identified Service Pressures, eg NI increase	Children's 5 year Funding Strategy (Oct 14) Year 2	Children's Investment - held in contingency	Inflation	Savings - Note 3		Ring fenced 16/17 Budget reductions transferred to Finance	Mayor's Budget Proposal Nov 15	Changes since Mayor's proposed budget Nov 15						Total Proposed Revenue Budget 2016/17	Council 25 Feb 2016	Total Revenue Budget 2016/17	16/17 movement (column C less column A & B)	Percentage change Column D divided by Column A	
	A									Deferral of 2015/16 savings to 2016/17	2016/17 Proposed savings - Nov 15			Local Government Provisional Funding Settlement 2016/17 -Dec 16 Adults Social Care Precept of 2%	Other changes to funding estimates. Note 4	Further Identified Service Pressures and re-investment Note 5	changes to proposed savings. Note 6	movements between services	Ring fenced 16/17 budget reductions transferred to General Fund services	B	Approved amendments to proposed budget. 6 months Transitional Funding of Connections	C	D	E	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
Joint Commissioning																									
Children's Services - note 2	28,551	-2,300	26,251			195	1,100	2,000	288		-920		28,914						41			28,955	28,955	363	1.3
Adult Services	37,952		37,952			9			391	-1,566	-2,215		34,571	1,089		300			-41			35,919	35,919	-1,992	-5.2
Public Health	87		87			0			3		0		90									90	90	3	3.4
Sub Total	66,590	-2,300	64,290	0	0	204	1,100	2,000	682	-1,566	-3,135	0	63,575	1,089	0	300	0	0	0	0	0	64,964	64,964	-1,626	-2.4
Joint Operations - Community and Customer Services																									
Community Services	24,670		24,670			218			291		-1,375		23,804				68		31		-25	23,878	23,878	-823	-3.3
Customer Services	4,260		4,260			93			26		-677		3,727	25		107			-89			3,745	3,783	-388	-9.1
Sub Total	28,930	0	28,930	0	0	311	0	0	317	0	-2,052	25	27,531	0	0	107	68	-58	-25	38	27,623	27,661	-1,211	-4.2	
Joint Operations - Corporate and Business Services																									
Corporate Services	14,080	2,300	16,380	1,419		-15	-1,100		150		-3,008	-222	13,604			465		89		50		14,183	14,183	-24	-0.2
One off funding re 2015/16	0		0										0			2,500						2,500	2,500	2,500	
Business Services	1		1			2			-17		-268	197	-85					25	11		-25	-74	-74	-86	
Business Services - Car parking	-4,149		-4,149			11			-168		-50		-4,356					25				-4,381	-4,381	-232	-5.6
Regeneration and Assets	4,624		4,624			20			5		-366		4,283						-42			4,241	4,241	-341	-7.4
Sub Total	14,556	2,300	16,856	1,419	0	18	-1,100	0	-30	0	-3,692	-25	13,446	0	-30	2,965	5	58	25	-38	16,469	16,431	1,817	12.5	
Total	110,076	0	110,076	1,419	0	533	0	2,000	969	-1,566	-8,879	0	104,552	1,089	-30	3,372	73	0	0	0	109,056	109,056	-1,020	-0.9	
Sources of Funding Note 1	-110,076	0	-110,076	-1,419	8,193	0	0	0	0	0	-1,250	0	-104,552	-1,089	-3,415	0	0	0	0	0	-109,056	-109,056	1,020	-0.9	

Note 1:

Sources of Funding.

The provisional settlement was announced in December and will be confirmed in February

Note 2:

Children's Services

In 2015/16 £2.0m was transferred into the Children's Services base budget. Also in 2015/16 £2.3m was transferred into Children's Services as part of the Children's Services 5 year Funding Strategy, this was temporary funding from reserves. For 16/17, in line with the strategy, Children's Services are budgeting to spend £1.1m funded from reserves. In addition, due to ongoing budget pressures in 2015/16, a £2m contingency has been created in 16/17.

Note 3:

Savings

The Medium Term Resource Plan (March 15) showed an estimated budget gap of £11.8, in addition to £1.6m Adult Social Care savings deferred from 2015/16 to 2016/17. To achieve a balanced budget for 2016/17 the budget proposals for savings total £13.4. The table above shows this savings as:-

	£000
Changes to forecasts since MTRP March 15	-994
Proposed savings by service in templates	-8,879
Deferred Adult Social Care Savings	-1,566
Sources of funding changes in templates	-1,250
Primarily 2016/17 inflation savings and income generation. These savings have reduced the inflation figure to £969,000	-711
	<u>-13,400</u>

Note 4

Estimates used in the Mayors Budget proposals have been updated as information has become available e.g. Local Government Finance settlement.

Sources of Funding	
RSG Income	-2,847
Taxbase growth	-385
Other Funding Chnges	-183
	<u>-3,415</u>

Services:

New Homes Bonus final allocation	-40
Planning Drainage & Carbon Monoxide	10
	<u>-30</u>

Note 5

Care Act Pressures	300
15/16 Overspend	2,500
Transformation	600
Mayoral Referendum	85
Revised estimates of grants etc	-113
	<u>3,372</u>

Note 6

Reversal of proposed reductions	
TCCT	15
Museums	3
Members Allowances	5
Harbours	50
	<u>73</u>

Revenue Budget 2016/17

Business Unit Summary

Business Unit/Service	Expenditure £000's	Income £000's	Net £000's
Joint Commissioning Team (JCT)			
Adult Social Care	36,647	(728)	35,919
Childrens Services	79,071	(50,116)	28,955
Public Health and Community Safety	9,469	(9,379)	90
Sub Total – Joint Commissioning Team	125,187	(60,223)	64,964
Joint Operations Team (JCT)			
<u>Community and Customer Services</u>			
Community Services	30,079	(6,201)	23,878
Customer Services	73,086	(69,303)	3,783
Sub Total - Community and Customer Services	103,165	(75,504)	27,661
<u>Corporate and Business Services</u>			
Corporate Services	29,306	(12,661)	16,645
Business Services	6,128	(10,583)	(4,455)
Regeneration and Assets	5,739	(1,498)	4,241
Sub Total - Corporate and Business Services	41,173	(24,742)	16,431
Sub Total – Joint Operations Team	144,338	(100,246)	44,092
TOTAL	269,525	(160,469)	109,056
Sources of Funding	979	(110,035)	(109,056)
TOTAL	270,504	(270,504)	0

Children's Services

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Children's Safeguarding Service - Disabilities / Quality Assurance						
709	Disabilities - Day Care Services	Protecting children and giving them the best start	2.18	334	-25	309
715	Disabilities - Direct Payments	Protecting children and giving them the best start	0	253	-60	193
713	Disabilities - Domiciliary Care	Protecting children and giving them the best start	0	20	-4	16
714	Disabilities - Overnight Short Breaks	Protecting children and giving them the best start	0	334	-90	244
712	Disabilities - Social Work Team	Protecting children and giving them the best start	7.01	272	0	272
710	Disabilities- Occupational Therapy	Protecting children and giving them the best start	0	104	0	104
760	PARIS Team	Protecting children and giving them the best start	5	168	0	168
708	Safeguarding Children Board	Protecting children and giving them the best start	2.42	127	-48	79
707	Safeguarding Unit / Training	Protecting children and giving them the best start	11.5	759	0	759
Service Total			28.11	2,371	-227	2,144

Children's Safeguarding Service - Placement Costs & Allowances

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
762	16+ Independent Provision	Protecting children and giving them the best start	0	580	0	580
743	Adoption Allowances	Protecting children and giving them the best start	0	333	0	333
740	Child Arrangement Orders	Protecting children and giving them the best start	0	280	0	280
736	Connected Persons Fostering	Protecting children and giving them the best start	0	410	0	410
734	In House Fostering	Protecting children and giving them the best start	0	3,062	0	3,062
737	Independent Sector Fostering	Protecting children and giving them the best start	0	2,450	0	2,450
735	Lodgings / Personal Allowances	Protecting children and giving them the best start	0	276	0	276
738	Parent & Child Placements	Protecting children and giving them the best start	0	679	0	679
739	Residential Care	Protecting children and giving them the best start	0	4,524	-163	4,361
741	Section 17 - Assistance to Families	Protecting children and giving them the best start	0	142	0	142
742	Special Guardianship Allowances	Protecting children and giving them the best start	0	500	0	500
Service Total			0	13,236	-163	13,073

Children's Safeguarding Service - Specialist Services / Intensive Youth

719	Adoption Service	Protecting children and giving them the best start	10.41	850	-40	810
718	Fostering-Recruitment, Assessment, Supervision & Support	Protecting children and giving them the best start	12.48	599	0	599

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
722	Intensive Youth Support Service	Protecting children and giving them the best start	6.62	256	-8	248
723	Intensive Youth Support Service - Southwark	Protecting children and giving them the best start	0	8	0	8
716	Looked after Children Team	Protecting children and giving them the best start	18.56	786	0	786
761	Placement with Families & Matching	Protecting children and giving them the best start	7.81	294	0	294
721	Youth Justice	Protecting children and giving them the best start	5.21	225	-225	0
720	Youth Offending	Protecting children and giving them the best start	8.21	365	-134	231
Service Total			69.3	3,383	-407	2,976

Children's Safeguarding Service -Senior Management / Initiatives

725	Business Support	Protecting children and giving them the best start	67.77	1,607	-17	1,590
757	Innovation Programme - SWIFT	Protecting children and giving them the best start	4.9	549	-500	49
731	Senior Management Team	Protecting children and giving them the best start	9	686	0	686
763	Vacancy Savings	Protecting children and giving them the best start	0	-520	0	-520
Service Total			81.67	2,322	-517	1,805

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Children's Safeguarding Service-Safeguarding & Supporting Families/Single Assessment/MASH						
728	Assessment Resource Centre	Protecting children and giving them the best start	0	43	0	43
717	Early Help Service	Protecting children and giving them the best start	14.48	493	-285	208
727	Family Group Conferencing	Protecting children and giving them the best start	0	108	0	108
729	Intensive Family Support / CAMHS	Protecting children and giving them the best start	14.65	857	-167	690
726	Multi Agency Safeguarding Hub (MASH)	Protecting children and giving them the best start	8.21	327	0	327
732	Other Safeguarding Activities	Protecting children and giving them the best start	0	518	0	518
730	Safeguarding & Supporting Families	Protecting children and giving them the best start	46.51	1,893	0	1,893
759	Single Assessment Team	Protecting children and giving them the best start	15.62	706	0	706
Service Total			99.47	4,945	-452	4,493

Commissioning, Including Youth & External Contracts

703	Careers South West Contract	Protecting children and giving them the best start	0	344	0	344
704	Children's Society Contract	Protecting children and giving them the best start	0	199	0	199
754	Citizens Advice and Information	Protecting and Supporting vulnerable adults	0	85	0	85

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure	Total Income	Net Expenditure
				£'000	£'000	£'000
701	My Place-Parkfield / Youth Trust	Protecting children and giving them the best start	0	476	0	476
756	Troubled Families Grant	Protecting children and giving them the best start	3	613	-613	0
705	Young Person's Substance Misuse	Protecting children and giving them the best start	0	139	-68	71
Service Total			3	1,856	-681	1,175

Schools Services

744	Alternative Provision / Vulnerable Children	Protecting children and giving them the best start	15.56	938	0	938
748	Early Years / Children's Centres Contract	Protecting children and giving them the best start	8.75	1,197	-11	1,186
751	Home to School Transport / Escorts	Protecting children and giving them the best start	3.1	1,745	-15	1,730
746	Independent Special School Fees	Protecting children and giving them the best start	0	2,200	0	2,200
752	Other School Support Services	Protecting children and giving them the best start	13.64	2,477	-929	1,548
753	Private Finance Initiative	Protecting children and giving them the best start	0	2,679	-2,143	536
747	PVI Nursery Funding - 2, 3 & 4 year olds	Protecting children and giving them the best start	0	3,927	0	3,927
749	School Funding / DSG and Other Grants	Protecting children and giving them the best start	0	34,502	-43,828	-9,326
706	SEND Reforms	Protecting children and giving them the best start	4.28	129	-75	54
745	Special Educational Needs	Protecting children and giving them the best start	6.4	788	-292	496

ID Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Service Total		51.73	50,582	-47,293	3,289
Total		333.28	78,695	-49,740	28,955

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

Service Title: **Children's Safeguarding Service - Disabilities / Quality Assurance**

Manager: D Hadleigh / R Knight / L Jennings

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	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Income from Health	Income Police / Probation	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
709 Disabilities - Day Care Services	2.18	66	7	111	0	150	334	0	0	-25	0	-25	309
715 Disabilities - Direct Payments	0	0	0	0	0	253	253	0	0	-60	0	-60	193
713 Disabilities - Domiciliary Care	0	0	0	20	0	0	20	0	0	-4	0	-4	16
714 Disabilities - Overnight Short Breaks	0	0	0	0	0	334	334	0	0	-90	0	-90	244
712 Disabilities - Social Work Team	7.01	264	0	8	0	0	272	0	0	0	0	0	272
710 Disabilities- Occupational Therapy	0	23	0	22	0	59	104	0	0	0	0	0	104

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
760 PARIS Team	5	168	0	0	0	0	168	0	0	0	0	0	168
708 Safeguarding Children Board	2.42	103	3	21	0	0	127	0	0	-28	-20	-48	79
707 Safeguarding Unit / Training	11.5	579	0	180	0	0	759	0	0	0	0	0	759
TOTAL	28.1	1,203	10	362	0	796	2,371	0	0	-207	-20	-227	2,144

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.

This area does not include any staffing costs

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
762 16+ Independent Provision	0	0	0	0	0	580	580	0	0	0	0	0	580
743 Adoption Allowances	0	0	0	0	333	0	333	0	0	0	0	0	333
740 Child Arrangement Orders	0	0	0	0	280	0	280	0	0	0	0	0	280
736 Connected Persons Fostering	0	0	0	0	410	0	410	0	0	0	0	0	410
734 In House Fostering	0	0	0	199	2,821	42	3,062	0	0	0	0	0	3,062

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
737 Independent Sector Fostering	0	0	0	0	0	2,450	2,450	0	0	0	0	0	2,450
735 Lodgings / Personal Allowances	0	0	0	0	0	276	276	0	0	0	0	0	276
738 Parent & Child Placements	0	0	0	18	84	577	679	0	0	0	0	0	679
739 Residential Care	0	0	0	45	0	4,479	4,524	0	0	-50	-113	-163	4,361
741 Section 17 - Assistance to Families	0	0	0	142	0	0	142	0	0	0	0	0	142
742 Special Guardianship Allowances	0	0	0	0	500	0	500	0	0	0	0	0	500
TOTAL	0	0	0	404	4,428	8,404	13,236	0	0	-50	-113	-163	13,073

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 - Specialist Services / Intensive Youth**

Manager: Amanda White / Gail Rogers

Business Unit:

Children's Services

Director:

Richard Williams

Brief Description of Service:

This includes the staffing costs for the following service areas:-

LAC Team, Intensive Youth Support Service, Fostering Recruitment, Assessment, Supervision and Support, Adoption Team, Placement with Families & Matching and Youth Offending.

This also includes additional costs and leaving care grants for non LAC 16-18 yr olds, over 18's, Southwark judgement costs.

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	Contribs. from other LA's £'000	Govern't Grant Income £'000	Income from Health £'000	Other Income £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
719 Adoption Service	10.41	425	0	54	0	371	850	-40	0	0	0	-40	810
718 Fostering-Recruitment, Assessment, Supervisio	12.48	536	0	63	0	0	599	0	0	0	0	0	599
722 Intensive Youth Support Service	6.62	226	0	17	0	13	256	0	0	0	-8	-8	248
723 Intensive Youth Support Service -	0	0	0	8	0	0	8	0	0	0	0	0	8
716 Looked after Children Team	18.56	753	0	33	0	0	786	0	0	0	0	0	786

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
761 Placement with Families & Matching	7.81	287	0	7	0	0	294	0	0	0	0	0	294
721 Youth Justice	5.21	205	0	20	0	0	225	0	-225	0	0	-225	0
720 Youth Offending	8.21	319	0	46	0	0	365	0	0	-18	-116	-134	231
TOTAL	69.3	2,751	0	248	0	384	3,383	-40	-225	-18	-124	-407	2,976

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: Jacqui Jensen

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This service includes the costs of the Senior Management Team, Business Support including staff travel, subsistence, mobile phone and office expenses across Children's Services.

Also included is the 2 year DfE Innovation Programme bid (SWIFT).

Also included is Vacancy Savings, this credit budget will be reduced by in-year savings generated from reductions in both staffing and placement costs.

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	Buyback from Schools	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
725 Business Support	67.77	1,477	2	128	0	0	1,607	0	0	0	-17	-17	1,590
757 Innovation Programme - SWIFT	4.9	294	0	167	0	88	549	0	0	-500	0	-500	49
731 Senior Management Team	9	683	0	3	0	0	686	0	0	0	0	0	686
763 Vacancy Savings	0	-520	0	0	0	0	-520	0	0	0	0	0	-520
TOTAL	81.7	1,934	2	298	0	88	2,322	0	0	-500	-17	-517	1,805

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-Safeguarding & Supporting Families/Single Assessment/MASH**

Manager: Giselle Jones / Vashti Wickers /Lisa Walker

Business Unit: Children's Services

Director: Richard Williams

Brief Description of Service:

This service includes all costs in relation to social workers in Safeguarding & Supporting Families, Single Assessment, Multi Agency Safeguarding Hub and Early Help Service.

Also costs in relation to the Assessment Resource Centre, Family Group Conferencing, Intensive Family Support Service and Therapeutic Services (CAMHS).

The recruitment and retention initiative for social workers and the cost of court proceedings and other legal costs are all 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	Cont from Reserve £'000	Contribut'n from Grants £'000	Parents Penalty Notices £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
728 Assessment Resource Centre	0	0	36	7	0	0	43	0	0	0	0	0	43
717 Early Help Service	14.48	475	0	18	0	0	493	-50	0	-235	0	-285	208
727 Family Group Conferencing	0	44	0	6	0	58	108	0	0	0	0	0	108
729 Intensive Family Support / CAMHS	14.65	550	0	15	0	292	857	0	-167	0	0	-167	690
726 Multi Agency Safeguarding Hub	8.21	325	0	2	0	0	327	0	0	0	0	0	327
732 Other Safeguarding Activities	0	0	0	40	0	478	518	0	0	0	0	0	518

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	Cont from Reserve £'000	Contribut'n from Grants £'000	Parents Penalty Notices £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
730 Safeguarding & Supporting Families	46.51	1,826	0	67	0	0	1,893	0	0	0	0	0	1,893
759 Single Assessment Team	15.62	699	0	7	0	0	706	0	0	0	0	0	706
TOTAL	99.5	3,919	36	162	0	828	4,945	-50	-167	-235	0	-452	4,493

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: **Commissioning, Including Youth & External Contracts**

Manager: Gail Rogers / Julie Sharland

Business Unit:

Children's Services

Director:

Richard Williams

Brief Description of Service:

This includes Commissioning (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.

The Youth Trust is expected to go live from duirng 2016/17.

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	Donations	Income from Health	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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 Information	0	0	0	81	0	4	85	0	0	0	0	0	85
701 My Place-Parkfield / Youth Trust	0	0	0	0	0	476	476	0	0	0	0	0	476
756 Troubled Families Grant	3	122	0	256	0	235	613	0	-613	0	0	-613	0
705 Young Person's Substance Misuse	0	0	0	139	0	0	139	0	0	0	-68	-68	71

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
TOTAL	3	122	0	1,019	0	715	1,856	0	-613	0	-68	-681	1,175

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: **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 £37m 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	Buy-back from Schools £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
754 Alternative Provision / Vulnerable Children	15.56	732	15	191	0	0	938	0	0	0	0	0	938
748 Early Years / Children's Centres	8.75	326	20	851	0	0	1,197	-11	0	0	0	-11	1,186
751 Home to School Transport / Escorts	3.1	76	0	1,376	0	293	1,745	-15	0	0	0	-15	1,730
746 Independent Special School Fees	0	0	0	0	0	2,200	2,200	0	0	0	0	0	2,200
752 Other School Support Services	13.64	659	0	181	0	1,637	2,477	-74	-620	-5	-230	-929	1,548
753 Private Finance Initiative	0	0	0	1,800	839	40	2,679	-622	-503	-1,018	0	-2,143	536

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	Buy-back from Schools	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
747 PVI Nursery Funding - 2, 3 & 4 year olds	0	0	0	0	0	3,927	3,927	0	0	0	0	0	3,927
749 School Funding / DSG and Other Grants	0	0	0	0	2,800	31,702	34,502	0	-40,763	-3,065	0	-43,828	-9,326
706 SEND Reforms	4.28	122	0	7	0	0	129	0	-75	0	0	-75	54
745 Special Educational Needs	6.4	281	0	92	0	415	788	-292	0	0	0	-292	496
TOTAL	51.7	2,196	35	4,498	3,639	40,214	50,582	-1,014	-41,961	-4,088	-230	-47,293	3,289

Adult Services

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Adult Social Care						
101	Adult Social Care	Protecting and Supporting vulnerable adults	0	31,979	0	31,979
108	Adult Social Care Precept	Protecting and Supporting vulnerable adults		1,089	0	1,089
109	Care Act	Protecting and Supporting vulnerable adults		300	0	300
100	Joint Equipment Store	Protecting and Supporting vulnerable adults	0	1,009	-498	511
102	Other Adult Services	Protecting and Supporting vulnerable adults	11.8	2,323	-283	2,040
Service Total			11.8	36,700	-781	35,919
Total			11.8	36,700	-781	35,919

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

Service Title: **Adult Social Care**

Manager: **Caroline Taylor**

Business Unit:

Adult Services

Brief Description of Service:

Director:

Caroline Taylor

From 1st October 2015 Torbay Council commissions Torbay and South Devon NHS Foundation Trust to co-ordinate the delivery of Adult Social Care in Torbay. This is known as the Integrated Care Organisation (ICO). Also the Council is the lead body in the operation of an equipment store for the purchase and distribution of items to support social care. Section 256 monies have not been included at this stage as the method of allocation from the Better Care Fund for 2016/17 has not yet been agreed or approved by the Health & Wellbeing Board (£3m 15/16). This page includes the additional 2% flexibility given on the council tax threshold to be used entirely for adult social care, along with the continuing expenditure relating to the Care Act. 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 and the costs of the commissioning team.

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
101 Adult Social Care	0	0	0	31,979	0	0	31,979	0	0	0	0	0	31,979
108 Adult Social Care Precept		0	0	1,089	0	0	1,089	0	0	0	0	0	1,089
109 Care Act		0	0	300	0	0	300	0	0	0	0	0	300
100 Joint Equipment Store	0	0	0	1,009	0	0	1,009	-498	0	0	0	-498	511
102 Other Adult Services	11.8	650	0	1,599	0	74	2,323	0	0	-123	-160	-283	2,040

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	11.8	650	0	35,976	0	74	36,700	-498	0	-123	-160	-781	35,919

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

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000	
Public Health - Community Development							
903	Community Development	Promoting healthy lifestyles		179	-89	90	
Service Total				179	-89	90	
Public Health - Ring-Fenced Grant							
900	Management & Administration - Public Health	Promoting healthy lifestyles	15.4	1,317	-8,832	-7,515	
901	Non Prescribed Functions - Public Health	Promoting healthy lifestyles	0	4,186	-82	4,104	
902	Prescribed Functions - Public Health	Promoting healthy lifestyles	0	4,038	-627	3,411	
Service Total				15.4	9,541	-9,541	0
Total				15.4	9,720	-9,630	90

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

Service Title: **Public Health - Community Development**

Manager: **Caroline Dimond**

Business Unit: **Public Health**

Brief Description of Service:

Director: **Caroline Dimond**

Torbay Community Development Trust is a voluntary community sector infrastructure organisation commissioned by Torbay Council to support community development. The membership is made up of a wide range of community groups, voluntary organisations and social enterprises (VCSE) with a renewed focus on neighbourhood community development using asset based community development.

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
90 Community Development		0	0	75	0	104	179	0	0	-89	0	-89	90
TOTAL		0	0	75	0	104	179	0	0	-89	0	-89	90

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: **Public Health - Ring-Fenced Grant**

Manager: **Caroline Dimond**

Business Unit: **Public Health**

Director: **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.

From 1st October 2015 Public Health also became responsible for commissioning 0-5 Activities (Health visitors).

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	Contributions from other £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
900 Management & Administration - Public	15.4	883	1	433	0	0	1,317	-251	-8,115	-466	0	-8,832	-7,515
901 Non Prescribed Functions - Public	0	0	3	4,183	0	0	4,186	-82	0	0	0	-82	4,104
902 Prescribed Functions - Public	0	0	0	4,038	0	0	4,038	-627	0	0	0	-627	3,411
TOTAL	15.4	883	4	8,654	0	0	9,541	-960	-8,115	-466	0	-9,541	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 Services

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
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Building Control

650	Building Control	Ensuring Torbay remains attractive and safe	7.72	358	-334	24
Service Total			7.72	358	-334	24

Community Protection & Private Housing Standards

302	Community Protection	Protecting and Supporting vulnerable adults	14.5	689	-132	557
306	Private Sector Housing Standards	Protecting and Supporting vulnerable adults	5.82	323	-99	224
Service Total			20.32	1,012	-231	781

Community Services Operational Support & Bereavement Services

300	Bereavement Services	Ensuring Torbay remains attractive and safe	0	0	-690	-690
303	Operational Support, Admin & Finance	Ensuring Torbay remains attractive and safe	14.2	469	-47	422

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Service Total			14.2	469	-737	-268

Concessionary Fares

651	Concessionary Fares	Ensuring Torbay remains attractive and safe	0	4,368	0	4,368
Service Total			0	4,368	0	4,368

Culture and Sport

550	Arts Development	Ensuring Torbay remains attractive and safe	0	33	-10	23
582	Conservation and Design	Ensuring Torbay remains attractive and safe	1.6	102	-10	92
551	Events	Ensuring Torbay remains attractive and safe	2.3	177	-111	66
577	Music Hub	Ensuring Torbay remains attractive and safe	1.4	143	-142	1
565	Sport	Promoting healthy lifestyles	4.82	605	-329	276
Service Total			10.12	1,060	-602	458

Food Safety, Licensing, Trading Standards, Health & Safety and Resilience

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
552	Corporate Security	Ensuring Torbay remains attractive and safe	8.43	389	-174	215
304	Food Safety, Licensing and Trading Standards	Ensuring Torbay remains attractive and safe	18.91	908	-557	351
310	Health & Safety and Resilience	Ensuring Torbay remains attractive and safe	3.6	172	-18	154
Service Total			30.94	1,469	-749	720

Highways

415	Green Travel Plan	Corporate support	0	59	-59	0
556	Highways - Cyclical Maintenance	Ensuring Torbay remains attractive and safe	8	990	-25	965
553	Highways - Network Co-ordination	Ensuring Torbay remains attractive and safe	11.5	811	-224	587
555	Highways - Rechargeable Works	Ensuring Torbay remains attractive and safe	0	72	-257	-185
557	Highways - Roads	Ensuring Torbay remains attractive and safe	0	824	-174	650
579	Highways - Structures	Ensuring Torbay remains attractive and safe	0	54	0	54
581	Highways - Winter Maintenance	Ensuring Torbay remains attractive and safe	0	141	0	141
561	Road Safety & School Crossing Patrols	Protecting children and giving them the best	6	135	-46	89
568	Seafront Illuminations	Ensuring Torbay remains attractive and safe	0	106	0	106
576	Street Lighting	Ensuring Torbay remains attractive and safe	1.5	1,070	0	1,070

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
570	Transport Co-Ordination	Ensuring Torbay remains attractive and safe	1.5	48	-41	7
Service Total			28.5	4,310	-826	3,484

Housing Services

308	Housing Options	Protecting and Supporting vulnerable adults	13	380	0	380
311	Licensed Accommodation	Ensuring Torbay remains attractive and safe	0	332	-239	93
314	Mediation & Housing Partnership	Protecting and Supporting vulnerable adults	0	6	0	6
313	Prevention Fund	Protecting and Supporting vulnerable adults	0	45	0	45
312	Rent Deposit Guarantee & Bond Scheme	Protecting and Supporting vulnerable adults	0	11	0	11
309	Temporary Accommodation	Protecting and Supporting vulnerable adults	0	111	0	111
Service Total			13	885	-239	646

Management and Commissioning

571	Chairman of the Council	Corporate support	0	21	0	21
564	Senior Management & Special Events	Ensuring Torbay remains attractive and safe	4.1	223	0	223

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
580	Torbay Coast and Countryside Trust	Ensuring Torbay remains attractive and safe	0	185	0	185
569	Tourism	Ensuring Torbay remains attractive and safe		242	-200	42
Service Total			4.1	671	-200	471

Museums & Theatres

560	Museum Services - inc Torre Abbey	Ensuring Torbay remains attractive and safe	6.37	416	-224	192
566	Theatres & Public Entertainment	Ensuring Torbay remains attractive and safe	4	262	-238	24
Service Total			10.37	678	-462	216

Public Toilets (see also Repairs and Maintenance)

562	Public Toilets (see also R&M)	Ensuring Torbay remains attractive and safe	0	655	-21	634
Service Total			0	655	-21	634

Recreation and Landscapes

563	Recreation and Landscape	Ensuring Torbay remains attractive and safe	8.5	1,934	-374	1,560
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ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Service Total			8.5	1,934	-374	1,560
Safer Communities						
307	Safer Communities (inc Community Safety Partnership)	Ensuring Torbay remains attractive and safe	2	159	0	159
Service Total			2	159	0	159
Waste and Cleaning						
572	Cleansing	Ensuring Torbay remains attractive and safe	0	1,828	-30	1,798
573	Waste Collection	Ensuring Torbay remains attractive and safe	0	4,199	-45	4,154
574	Waste Disposal	Ensuring Torbay remains attractive and safe	0	6,017	-1,344	4,673
Service Total			0	12,044	-1,419	10,625
Total			149.77	30,072	-6,194	23,878

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

Service Title: **Building Control**

Manager: **Matt Hunt**

Business Unit: **Community Services**

Assistant Director: **Frances Hughes**

Brief Description of Service:

Building Control is a cost recovery fee earning service which sets charges to recover the actual costs for carrying out the main building regulation function. 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. Through a variety of legislation the 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 include provisions for: structural stability, fire protection, means of escape in case of fire, drainage, sound insulation and ventilation.

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 Building Control	7.72	303	0	55	0	0	358	-334	0	0	0	-334	24
TOTAL	7.72	303	0	55	0	0	358	-334	0	0	0	-334	24

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 Services

Assistant Director: Frances Hughes

Brief Description of Service:

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.

This heading includes the costs of four street wardens. This is part funded by use of reserve in 2016/17.

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 organisations £'000	Contribut'n from Reserves £'000	Other / Health income £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
302 Community Protection	14.5	514	11	164	0	0	689	-36	0	-50	-46	-132	557
306 Private Sector Housing Standards	5.82	259	0	64	0	0	323	-2	0	-46	-51	-99	224
TOTAL	20.3	773	11	228	0	0	1,012	-38	0	-96	-97	-231	781

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 Services Operational Support & Bereavement Services**

Manager: Frances Hughes

Business Unit: Community Services

Assistant Director: Frances Hughes

Brief Description of Service:

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 SERVICES OPERATIONAL SUPPORT, ADMIN AND FINANCE - Includes the combined operational, administrative and analytical support to all the frontline services provided by the Community Services Business Unit and the statutory Community Safety Partnership.

Service provides:-

	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other / Grants £'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
300 Bereavement Services	0	0	0	0	0	0	0	-690	0	0	0	-690	-690
303 Operational Support, Admin & Finance	14.2	392	0	77	0	0	469	0	0	-18	-29	-47	422
TOTAL	14.2	392	0	77	0	0	469	-690	0	-18	-29	-737	-268

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: Frances Hughes

Business Unit: Community Services

Assistant Director: Frances Hughes

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	Contrib'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	Govern't Grant Income	Contrib'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
651 Concessionary Fares	0	0	0	4,368	0	0	4,368	0	0	0	0	0	4,368
TOTAL	0	0	0	4,368	0	0	4,368	0	0	0	0	0	4,368

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: **Culture and Sport**

Manager: **Phil Black**

Business Unit: **Community Services**

Assistant Director: **Frances Hughes**

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.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Torbay Leisure Centre £'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
559 Arts Development	0	22	0	11	0	0	33	-10	0	0	0	-10	23
582 Conservation and Design	1.6	78	0	24	0	0	102	-10	0	0	0	-10	92
551 Events	2.3	91	3	83	0	0	177	-111	0	0	0	-111	66
577 Music Hub	1.4	55	0	88	0	0	143	-142	0	0	0	-142	1
565 Sport	4.82	159	23	177	2	244	605	-289	0	-40	0	-329	276

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £`000	Premises £`000	Supplies & Services £`000	Contribut'n to Reserves £`000	Torbay Leisure Centre £`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	10.12	405	26	383	2	244	1,060	-562	0	-40	0	-602	458

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: **Food Safety, Licensing, Trading Standards, Health & Safety and Resilience**

Manager: S Cox, H Perkins & C DeJongh

Business Unit: Community Services

Assistant Director: Frances Hughes

Brief Description of Service:

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.

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	240	1	148	0	0	389	-123	-26	-25	0	-174	215
304 Food Safety, Licensing and Trading Standards	18.91	828	0	80	0	0	908	-480	-77	0	0	-557	351
310 Health & Safety and Resilience	3.6	162	0	10	0	0	172	-5	0	0	-13	-18	154
TOTAL	30.9	1,230	1	238	0	0	1,469	-608	-103	-25	-13	-749	720

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: Ian Jones

Business Unit:

Community Services

Assistant Director:

Frances Hughes

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. Improving road safety. Includes 27 school crossing patrols equivalent to 4 FTE's. Green Travel Plan relates to staff parking permits.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contrib'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contrib'n from Reserves £'000	Section 38 Income £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
415 Green Travel Plan	0	0	0	59	0	0	59	-59	0	0	0	-59	0
556 Highways - Cyclical Maintenance	8	17	84	889	0	0	990	0	-25	0	0	-25	965
553 Highways - Network Co-ordination	11.5	703	0	108	0	0	811	-224	0	0	0	-224	587
555 Highways - Rechargeable Works	0	0	72	0	0	0	72	-120	0	0	-137	-257	-185
557 Highways - Roads	0	0	51	773	0	0	824	-174	0	0	0	-174	650

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
579 Highways - Structures	0	0	2	52	0	0	54	0	0	0	0	0	54
581 Highways - Winter Maintenance	0	0	0	141	0	0	141	0	0	0	0	0	141
561 Road Safety & School Crossing Patrols	6	125	0	10	0	0	135	-46	0	0	0	-46	89
568 Seafront Illuminations	0	0	62	44	0	0	106	0	0	0	0	0	106
566 Street Lighting	1.5	0	560	510	0	0	1,070	0	0	0	0	0	1,070
579 Transport Co-Ordination	1.5	37	0	11	0	0	48	-17	-24	0	0	-41	7
TOTAL	28.5	882	831	2,597	0	0	4,310	-640	-49	0	-137	-826	3,484

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 Services

Assistant Director: Frances Hughes

Brief Description of Service:

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 £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Housing Benefit Subsidy £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
308 Housing Options	13	373	0	7	0	0	380	0	0	0	0	0	380
311 Licensed Accommodation	0	0	332	0	0	0	332	0	-239	0	0	-239	93
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	111	0	0	0	111	0	0	0	0	0	111

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	Housing Benefit Subsidy £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
TOTAL	13	373	499	13	0	0	885	0	-239	0	0	-239	646

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: **Management and Commissioning**

Manager: Frances Hughes

Business Unit:

Community Services

Assistant Director:

Frances Hughes

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
564 Senior Management & Special Events	4.1	164	0	59	0	0	223	0	0	0	0	0	223
580 Torbay Coast and Countryside Trust	0	0	0	185	0	0	185	0	0	0	0	0	185
569 Tourism		0	42	200	0	0	242	0	0	-200	0	-200	42
TOTAL	4.1	169	42	460	0	0	671	0	0	-200	0	-200	471

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: Phil Black

Business Unit: Community Services

Assistant Director: Frances Hughes

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 £'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
566 Museum Services - inc Torre Abbey	6.37	181	0	235	0	0	416	-224	0	0	0	-224	192
566 Theatres & Public Entertainment	4	125	0	137	0	0	262	-238	0	0	0	-238	24
TOTAL	10.37	306	0	372	0	0	678	-462	0	0	0	-462	216

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: **Public Toilets (see also Repairs and Maintenance)**

Manager: Neil Coish

Business Unit: Community Services

Assistant Director: Frances Hughes

Brief Description of Service:

The Council provides, manages and maintains 30 public toilets across Torbay. Of these 30 toilets, 17 are open all year and 13 are open in the summer season. A further 4 toilets are operated under lease or through the Torbay Coast and Countryside Trust. All Premises related budgets including Repairs & Maintenance, water and electricity are now part of the centralised R&M budget.

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 (see also R&M)	0	0	0	655	0	0	655	-21	0	0	0	-21	634
TOTAL	0	0	0	655	0	0	655	-21	0	0	0	-21	634

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 and Landscapes**

Manager: Neil Coish

Business Unit: Community Services

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

Assistant Director: Frances Hughes

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
563 Recreation and Landscape	8.5	254	845	835	0	0	1,934	-374	0	0	0	-374	1,560
TOTAL	8.5	254	845	835	0	0	1,934	-374	0	0	0	-374	1,560

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: Vicky Booty

Business Unit: Community Services

Assistant Director: 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)	2	74	0	12	0	73	159	0	0	0	0	0	159
TOTAL	2	74	0	12	0	73	159	0	0	0	0	0	159

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: **Waste and Cleaning**

Manager: Ian Hartley

Business Unit: Community Services

Assistant Director: Frances Hughes

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	Premises	Supplies & Services	Contribut'n to Reserves	Other	Total Expenditure (*ATL)	Fees, Charges & Sales	PFI Credits	Contribut'n from Reserves	Other	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
572 Cleansing	0	0	0	1,828	0	0	1,828	-30	0	0	0	-30	1,798
573 Waste Collection	0	51	0	4,148	0	0	4,199	-45	0	0	0	-45	4,154
574 Waste Disposal	0	3	9	5,868	137	0	6,017	-6	-1,201	0	-137	-1,344	4,673
TOTAL	0	54	9	11,844	137	0	12,044	-81	-1,201	0	-137	-1,419	10,625

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

Customer Services

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
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Customer Services & Customer Access

500	Customer Services	Corporate support	36	803	-31	772
Service Total			36	803	-31	772

Information Technology (ICT)

502	Information Technology	Corporate support	35	2,205	-428	1,777
504	Voice Network	Corporate support	0	108	-2	106
Service Total			35	2,313	-430	1,883

Exchequer and Benefits

403	Exchequer & Benefits	Corporate support	51.8	1,372	-980	392
409	Local Tax Collection	Corporate support	0	217	-492	-275
413	Social Fund	Protecting and Supporting vulnerable adults	0	394	-300	94

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Service Total			51.8	1,983	-1,772	211

Housing Benefit

406	Housing Benefits	Protecting and Supporting vulnerable adults	0	66,143	-66,310	-167
Service Total			0	66,143	-66,310	-167

Post Room and Printing

501	Post Room	Corporate support	5	155	-49	106
503	Printing Services	Corporate support	8.5	636	-635	1
Service Total			13.5	791	-684	107

Library Services

558	Library Services - Operational	Ensuring Torbay remains attractive and safe	31	948	-76	872
559	Library Services - Resources Fund	Ensuring Torbay remains attractive and safe	0	105	0	105

ID Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Service Total		31	1,053	-76	977
Total		167.3	73,086	-69,303	3,783

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

Service Title: **Customer Services & Customer Access**

Manager: Alison Whittaker

Business Unit: Customer 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.

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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
500 Customer Services	36	775	0	28	0	0	803	-21	0	0	-10	-31	772
TOTAL	36	775	0	28	0	0	803	-21	0	0	-10	-31	772

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: **Information Technology (ICT)**

Manager: **Bob Clark & Ian Harrison**

Business Unit:

Customer Services

Executive Head:

Bob Clark

Brief Description of Service:

Information Communication Technology (ICT) & Information Governance is a central support service providing Information Technology services, & Records management services to the Council, Council members, Integrated Care Organisation, and other Joint Working agencies.

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 £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	IT Licence £'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
502 Information Technology	35	1,094	0	428	0	683	2,205	-198	0	-230	0	-428	1,777
504 Voice Network	0	0	0	108	0	0	108	-2	0	0	0	-2	106
TOTAL	35	1,094	0	536	0	683	2,313	-200	0	-230	0	-430	1,883

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: **Bob Clark**

Business Unit: **Customer Services**

Executive Head: **Bob Clark**

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. 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.

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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	51.8	1,261	0	111	0	0	1,372	0	-980	0	0	-980	392
409 Local Tax Collection	0	0	0	217	0	0	217	-290	-202	0	0	-492	-275
413 Social Fund	0	92	0	2	0	300	394	0	0	-300	0	-300	94
TOTAL	51.8	1,353	0	330	0	300	1,983	-290	-1,182	-300	0	-1,772	211

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: **Bob Clark**

Business Unit:

Customer Services

Executive Head:

Bob Clark

Brief Description of Service:

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).

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Housing Benefit Payments £'000	Contribut'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Housing Benefit Subsidy £'000	Contribut'n from Reserves £'000	Overpayments £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
406 Housing Benefits	0	0	0	66,143	0	0	66,143	0	-65,642	0	-668	-66,310	-167
TOTAL	0	0	0	66,143	0	0	66,143	0	-65,642	0	-668	-66,310	-167

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: **Post Room and Printing**

Manager: **Stuart Rickards**

Business Unit:

Customer Services

Brief Description of Service:

Executive Head:

Bob Clark

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.

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
502 Post Room	5	127	0	28	0	0	155	-49	0	0	0	-49	106
503 Printing Services	8.5	227	21	388	0	0	636	-635	0	0	0	-635	1
TOTAL	13.5	354	21	416	0	0	791	-684	0	0	0	-684	107

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:

Customer Services

Executive Head:

Bob Clark

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	31	766	1	181	0	0	948	-76	0	0	0	-76	872
559 Library Services - Resources Fund	0	0	0	105	0	0	105	0	0	0	0	0	105
TOTAL	31	766	1	286	0	0	1,053	-76	0	0	0	-76	977

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 Services

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Budgets held Centrally						
401	Corporate Management	Corporate support	0	2,572	-250	2,322
404	External Audit Fees	Corporate support	0	154	0	154
410	Pension Costs	Corporate support	0	3,187	-57	3,130
411	Precepts & Levies	Corporate support	0	90	0	90
412	Riviera International Centre	Working towards a more prosperous Torbay	0	395	0	395
Service Total			0	6,398	-307	6,091

Corporate Support, Communications & Directors

254	Communications Team	Corporate support	4.6	164	-40	124
258	Corporate Support	Corporate support	7.7	903	-31	872
255	Directors (JOT)	Corporate support	4	463	0	463

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Service Total			16.3	1,530	-71	1,459

Financial Services & Internal Audit

405	Financial Services	Corporate support	32	1,386	-241	1,145
408	Internal Audit	Corporate support	0	229	-17	212
Service Total			32	1,615	-258	1,357

Governance Support

259	Democratic Representation	Corporate support	6.8	246	0	246
260	Elections	Corporate support	2.6	255	-3	252
261	Members Allowances	Corporate support	0	526	0	526
Service Total			9.4	1,027	-3	1,024

Grant Income and Contingencies

400	Corporate Issues	Corporate support	0	2,754	-2,237	517
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ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
418	New Homes Bonus Grant	Funding	0	0	-3,098	-3,098
420	NNDR Devonwide Pool	Corporate support	0	0	-522	-522
Service Total			0	2,754	-5,857	-3,103

Human Resources

265	Corporate Apprentices	Corporate support	30	411	0	411
268	Corporate Recruitment	Corporate support	0	17	0	17
267	Corporate Training	Corporate support	0	57	-12	45
266	Occupational Health	Corporate support	0	97	-42	55
263	Payroll	Corporate support	6	175	-128	47
264	Personnel	Corporate support	10.3	469	-164	305
Service Total			46.3	1,226	-346	880

Legal Services

250	Coroner	Corporate support	1.6	223	-15	208
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ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
251	Information Compliance	Corporate support	4.2	170	-284	-114
252	Insurance	Corporate support	0	1,116	-278	838
253	Legal Services	Corporate support	22.4	983	-435	548
Service Total			28.2	2,492	-1,012	1,480

Registration of Births, Deaths & Marriages

262	Registrar - Births, Deaths & Marriages	Ensuring Torbay remains attractive and safe	6.3	245	-277	-32
Service Total			6.3	245	-277	-32

Spatial Planning

653	Development & Planning Services	Ensuring Torbay remains attractive and safe	19	710	-790	-80
652	Strategic Planning	Ensuring Torbay remains attractive and safe	9.5	610	-220	390
Service Total			28.5	1,320	-1,010	310

Treasury Management

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
402	Debt - (Principal & Interest)	Corporate support	0	10,767	-2,855	7,912
407	Interest & Treasury Charges	Corporate support	0	182	-915	-733
Service Total			0	10,949	-3,770	7,179
Total			167	29,556	-12,911	16,645

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

Service Title: **Budgets held Centrally**

Manager: Martin Phillips

Business Unit: Corporate Services

Assistant Director: Anne-Marie Bond

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. For 2016/17 Corporate Management includes £2.5m repayment of reserve used to fund 2015/16 revenue overspend.

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
401 Corporate Management	0	0	0	72	0	2,500	2,572	0	0	0	-250	-250	2,322
404 External Audit Fees	0	0	0	154	0	0	154	0	0	0	0	0	154
410 Pension Costs	0	1,683	1,494	10	0	0	3,187	-40	0	-17	0	-57	3,130
411 Precepts & Levies	0	0	0	90	0	0	90	0	0	0	0	0	90
412 Riviera International Ce	0	0	0	395	0	0	395	0	0	0	0	0	395
TOTAL	0	1,683	1,494	721	0	2,500	6,398	-40	0	-17	-250	-307	6,091

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

Service Title: **Corporate Support, Communications & Directors**

Manager: Anne-Marie Bond

Business Unit: Corporate Services

Assistant Director: Anne-Marie Bond

Brief Description of Service:

Corporate Support 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.

Transformation Agenda-Following LGA Corporate Peer Review, budget established to support Transformation Programme.

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 posts:- Assistant Director of Corporate & Business Services(1.0 FTE), Assistant Director of Communities & Customer Services (1.0 FTE), Executive Head of Customer Services (1.0 FTE) plus Executive Head of Business Services (0.2FTE).

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Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Transfo rmation Agenda £'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
254 Communications Team	4.6	152	0	12	0	0	164	-40	0	0	0	-40	124
258 Corporate Support	7.7	278	0	25	0	600	903	-31	0	0	0	-31	872
255 Directors (JOT)	4	442	0	21	0	0	463	0	0	0	0	0	463
TOTAL	16.3	872	0	58	0	600	1,530	-71	0	0	0	-71	1,459

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: **Financial Services & Internal Audit**

Manager: Martin Phillips

Business Unit: Corporate Services

Assistant Director: Anne-Marie Bond

Brief Description of Service:

Financial Services includes:-

Debtor, creditor payments and cashiers. 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. Provision of S151 function.

The Council's internal audit function is provided by the Devon Audit Partnership, a joint committee with Devon County and Plymouth Council.

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
405 Financial Services	32	1,217	0	169	0	0	1,386	-241	0	0	0	-241	1,145
408 Internal Audit	0	0	0	229	0	0	229	-17	0	0	0	-17	212
TOTAL	32	1,217	0	398	0	0	1,615	-258	0	0	0	-258	1,357

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: Corporate Services

Assistant Director: 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 also undertakes Election work and includes the Executive support to the Executive Director of Finance & Operations, Assistant Directors, Mayor and Members.

Members Allowances are also held in this budget

Budget for Mayoral Referendum is included.

Police Crime Commissioner and Mayoral Referendum to be held in May 2016

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
259 Democratic Representation	6.8	230	5	11	0	0	246	0	0	0	0	0	246
260 Elections	2.6	75	2	136	42	0	255	-3	0	0	0	-3	252
261 Members Allowances	0	481	1	17	0	27	526	0	0	0	0	0	526
TOTAL	9.4	786	8	164	42	27	1,027	-3	0	0	0	-3	1,024

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: Martin Phillips

Business Unit: Corporate Services

Assistant Director: Anne-Marie Bond

Brief Description of Service:

This pages contains a number of cross Council budgets including:

- Contingencies for service pressures and social care.
- A number of un ring fenced grants including New Homes Bonus Grant
- Contribution from Marine Services and printing to general fund
- Gain from Devonwide NNDR pool
- A £1.1m contribution from reserves as per the Childrens Services Recovery Plan approved by Council October 2014.

Service provides:-	No of Staff (**FTE)	Service Pressures & Pay	Social Care Contin.	Exit packages	T-Bid support	Empty Homes	Total Expenditure (*ATL)	Childrens Serv. Reserves	Govern't Grant Income	NNDR Related	Cont from Marine & Printing	Total Income (*ATL)	Net Expenditure (*ATL)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
400 Corporate Issues	0	773	1,981	0	0	0	2,754	-1,100	-209	-296	-632	-2,237	517
418 New Homes Bonus Gra	0	0	0	0	0	0	0	0	-3,098	0	0	-3,098	-3,098
420 NNDR Devonwide Pool	0	0	0	0	0	0	0	0	0	-522	0	-522	-522
TOTAL	0	773	1,981	0	0	0	2,754	-1,100	-3,307	-818	-632	-5,857	-3,103

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: **Human Resources**

Manager: Susan Wiltshire

Business Unit: Corporate Services

Assistant Director: Anne-Marie Bond

Brief Description of Service:

Human Resources provide a service to the Council, it's schools and external organisations such as Torbay Development Agency (TDA), 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, now funded by services.

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
269 Corporate Apprentices	30	411	0	0	0	0	411	0	0	0	0	0	411
268 Corporate Recruitment	0	0	0	17	0	0	17	0	0	0	0	0	17
267 Corporate Training	0	0	0	57	0	0	57	-12	0	0	0	-12	45
266 Occupational Health	0	0	0	97	0	0	97	-42	0	0	0	-42	55
263 Payroll	6	154	0	21	0	0	175	-128	0	0	0	-128	47
264 Personnel	10.3	436	0	33	0	0	469	-164	0	0	0	-164	305

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	46.3	1,001	0	225	0	0	1,226	-346	0	0	0	-346	880

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: Corporate Services

Assistant Director: 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 Compliance including Land Charges, Insurance and Coroner.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Insurance Premium & Excess £'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
250 Coroner	1.6	0	0	223	0	0	223	-15	0	0	0	-15	208
251 Information Compliance	4.2	156	0	12	2	0	170	-284	0	0	0	-284	-114
252 Insurance	0	0	0	0	0	1,116	1,116	-278	0	0	0	-278	838
253 Legal Services	22.4	814	0	169	0	0	983	-408	0	-27	0	-435	548
TOTAL	28.2	970	0	404	2	1,116	2,492	-985	0	-27	0	-1,012	1,480

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: Corporate Services

Assistant Director: 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 - Births, Death	6.3	224	0	21	0	0	245	-277	0	0	0	-277	-32
TOTAL	6.3	224	0	21	0	0	245	-277	0	0	0	-277	-32

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: **Spatial Planning**

Manager: Pat Steward

Business Unit: Corporate Services

Assistant Director: Anne-Marie Bond

Brief Description of Service:

Regulating the construction of the built environment whilst promoting sustainable development. Dealing with planning applications, appeals, enforcement. Strategic Planning 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, Climate Change, Sustainable Energy and other strategic plans and policies plus associated policy implementation and research, monitoring and project management.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	LSTF £'000	Local Plan £'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
605 Development & Planning	19	642	0	68	0	0	710	-790	0	0	0	-790	-80
652 Strategic Planning	9.5	389	0	121	0	100	610	-54	0	-166	0	-220	390
TOTAL	28.5	1,031	0	189	0	100	1,320	-844	0	-166	0	-1,010	310

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: Corporate Services

Assistant Director: Anne-Marie Bond

Brief Description of Service:

Reflects costs of borrowing to support capital expenditure, both interest paid and repayment of principal (Minimum Revenue Provision).

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.

Service provides:-	No of Staff (**FTE)	Interest Paid £'000	MRP £'000	Supplies & Services £'000	Contribut'n to Reserves £'000	Harbour Subsidy £'000	Total Expenditure (*ATL) £'000	Interest Received £'000	Govern't Grant Income £'000	Contribut'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
402 Debt - (Principal & Interest)	0	6,478	4,279	0	10	0	10,767	-25	-922	0	-1,908	-2,855	7,912
407 Interest & Treasury Charges	0	0	0	182	0	0	182	-903	0	0	-12	-915	-733
TOTAL	0	6,478	4,279	182	10	0	10,949	-928	-922	0	-1,920	-3,770	7,179

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

Business Services

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Car Parking						
802	Car Parking - Enforcement	Ensuring Torbay remains attractive and safe	30.8	990	-962	28
804	Car Parking - Off Street Parking	Ensuring Torbay remains attractive and safe	2.3	913	-4,141	-3,228
803	Car Parking - On Street Parking	Ensuring Torbay remains attractive and safe	0	190	-1,373	-1,183
Service Total			33.1	2,093	-6,476	-4,383
Other Business Services						
801	Beach Services	Ensuring Torbay remains attractive and safe	3.2	785	-874	-89
805	General Fund Contributions to Harbour Authority	Ensuring Torbay remains attractive and safe		17	0	17
800	Tor Bay Harbour Authority	Working towards a more prosperous Torbay	21.2	3,234	-3,234	0
Service Total			24.4	4,036	-4,108	-72

ID Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Total		57.5	6,129	-10,584	-4,455

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

Service Title: **Car Parking**

Manager: **Susie Hayman**

Business Unit: **Business Services**

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	30.8	735	0	244	11	0	990	-962	0	0	0	-962	28
804 Car Parking - Off Street Parking	2.3	81	276	556	0	0	913	-4,141	0	0	0	-4,141	-3,228
803 Car Parking - On Street Parking	0	0	33	157	0	0	190	-1,373	0	0	0	-1,373	-1,183
TOTAL	33.1	816	309	957	11	0	2,093	-6,476	0	0	0	-6,476	-4,383

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: **Other Business Services**

Manager: Kevin Mowat

Business Unit: Business Services

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.

This heading includes beach and resort services including services such as beach huts.

Service provides:-	No of Staff (**FTE)	Employee Direct Costs £'000	Premises £'000	Supplies & Services £'000	Contrib'n to Reserves £'000	Other £'000	Total Expenditure (*ATL) £'000	Fees, Charges & Sales £'000	Govern't Grant Income £'000	Contrib'n from Reserves £'000	Other £'000	Total Income (*ATL) £'000	Net Expenditure (*ATL) £'000
801 Beach Services	3.2	203	137	440	5	0	785	-874	0	0	0	-874	-89
805 General Fund Contributions to Harbour Authority		0	0	17	0	0	17	0	0	0	0	0	17
800 Tor Bay Harbour Authority	21.2	571	546	2,117	0	0	3,234	-3,234	0	0	0	-3,234	0
TOTAL	24.4	774	683	2,574	5	0	4,036	-4,108	0	0	0	-4,108	-72

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

Regeneration and Assets

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Council Assets						
350	Centralised Repair & Maintenance	Corporate support	0	1,579	-50	1,529
355	Leased Properties	Corporate support	0	435	-789	-354
356	Office Accommodation	Corporate support	0	1,695	-297	1,398
Service Total			0	3,709	-1,136	2,573
Land Drainage & Flood Prevention						
352	Land Drainage	Ensuring Torbay remains attractive and safe	0	50	0	50
Service Total			0	50	0	50
Public Toilets (see also Community Services)						
358	Public Toilets (see also Community Services)	Ensuring Torbay remains attractive and safe	0	197	0	197

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Service Total			0	197	0	197
Regeneration & Asset Management						
351	Regeneration & Asset Management	Working towards a more prosperous Torbay	0	1,671	-250	1,421
354	Vantage Point - Innovation Centre	Working towards a more prosperous Torbay	0	112	-112	0
Service Total			0	1,783	-362	1,421
Total			0	5,739	-1,498	4,241

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

Service Title: **Council Assets**

Manager: Kevin Mowat

Business Unit: Regeneration and Assets

Assistant Director: Anne-Marie Bond

Brief Description of Service:

Centralised Repair & Maintenance & Premises related costs on Council property- 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 and Paignton Library Hub.
 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	1,527	52	0	0	1,579	0	0	-50	0	-50	1,529
355 Leased Properties	0	0	161	264	10	0	435	-789	0	0	0	-789	-354
356 Office Accommodation	0	37	963	630	65	0	1,695	-297	0	0	0	-297	1,398
TOTAL	0	37	2,651	946	75	0	3,709	-1,086	0	-50	0	-1,136	2,573

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: **Land Drainage & Flood Prevention**

Manager: **Kevin Mowat**

Business Unit: **Regeneration and Assets**

Assistant Director: **Anne-Marie Bond**

Brief Description of Service:

Client costs associated with Land Drainage & Flood Prevention.

Payment to engineers for work on this service is part of TDA core fee and charges to capital projects.

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
352 Land Drainage	0	0	50	0	0	0	50	0	0	0	0	0	50
TOTAL	0	0	50	0	0	0	50	0	0	0	0	0	50

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: **Public Toilets (see also Community Services)**

Manager: Kevin Mowat

Business Unit: Regeneration and Assets

Assistant Director: Anne-Marie Bond

Brief Description of Service:

Public Toilets: Premises cost such as Electricity, gas, NNDR and water costs.

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
358 Public Toilets (see also Community Services)	0	0	197	0	0	0	197	0	0	0	0	0	197
TOTAL	0	0	197	0	0	0	197	0	0	0	0	0	197

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 & Asset Management**

Manager: Kevin Mowat

Business Unit: Regeneration and Assets

Assistant Director: Anne-Marie Bond

Brief Description of Service:

The TDA was created by Torbay Council in 2011 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 this centre.

This heading also includes the payments relating to the Growth Fund which are funded by a earmarked reserve.

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Service provides:-	No of Staff (**FTE)	Contribut'n to Reserves	Premises	Supplies & Services	Core Fee	RDA Grant	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
351 Regeneration & Asset Management	0	0	0	250	1,136	285	1,671	0	0	-250	0	-250	1,421
354 Vantage Point - Innovation Centre	0	2	24	86	0	0	112	-112	0	0	0	-112	0
TOTAL	0	2	24	336	1,136	285	1,783	-112	0	-250	0	-362	1,421

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

Sources of Funding

2016/17 Budget Summary (*ATL)

ID	Service	Theme	Number of full time equivalent employees	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
Sources of Funding						
600	Sources of Finance	Funding	0	979	-110,035	-109,056
Service Total			0	979	-110,035	-109,056
Total			0	979	-110,035	-109,056

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: Martin Phillips

Business Unit: Sources of Funding

Assistant Director: Anne-Marie Bond

Brief Description of Service:

This heading is the Council's funding streams including Revenue Support Grant, NNDR income (the Council's 49% share, top up grant and NNDR new burdens grant) and Council Tax income. Other income includes the estimated collection fund surplus or deficit and Education Support Grant.

Service provides:-	No of Staff (**FTE)			NNDR Deficit			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	979	0	0	979	-56,631	-20,055	-30,749	-2,600	-110,035	-109,056
TOTAL	0	0	0	979	0	0	979	-56,631	-20,055	-30,749	-2,600	-110,035	-109,056

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