



January 2019

Budget Overview and Proposals for 2019/2020

Elected Mayor's Response to Consultation



Contents

- 1 Statement by the Elected Mayor3
- 2 Introduction5
- 3 Revenue Budget 2019/20207
 - Funding Changes7
 - Service Expenditure Changes7
 - Summary Budget Proposals9
 - Revenue Budget 2019/20209
- 4 Capital Plan 2019/202011
- Appendix 1: Summary Budget Proposals 2019/202012

1 Statement by the Elected Mayor, Gordon Oliver



In accordance with the Council's Constitution, I am proposing the budget for 2019/2020 for members' consideration.

The Council is committed to creating a prosperous and healthy Torbay and a Council fit to meet the challenges of the future.

I am proposing a balanced Revenue Budget of £111.4m for 2019/2020. Central Government reductions in local government grants and increasing demands on our services means the Council needs to be innovative. As we have over recent years, we need to continue to find alternative ways of working, change the way we operate and work differently with our local communities and partners.

I thank the Overview and Scrutiny Board and our partners for their feedback on the budget proposals. In particular I thank all those service users and residents who took the time to provide their views either through completing a consultation questionnaire or by attending meetings. I would also like to thank officers and Executive Leads for their support in the preparation of all of the budget proposals.

I have considered all the responses I received carefully. I have also considered the decisions and changes that have taken place since November and have had to balance the Council's priorities in developing my proposals. What follows is a summary of the changes that I am proposing since my draft budget was published in November 2018.

The Council continues to face an immense challenge to prepare and deliver robust budgets year-on-year which provide the statutory services of the Council as well as those discretionary services which are valued by our communities. Demand for children's and adults social care is increasing and the Government is continuing to reduce the amount of Revenue Support Grant it provides to local government – reductions which started in 2010.

The Council has, however, been notified of two additional grants from central government since my budget proposals were published in November 2018. The Social Care Grant of £1.4m will be allocated in full to children's social care. This will result in a £4.4m (14%) investment to meet demand and cost pressures in this vital service in my budget at a time where Council core funding is reducing. The Winter Pressures Grant of £0.8m will be allocated in full to Adult Social Care.

I am recommending that three of my original proposals are not implemented:

- The reduction in the reactive maintenance linked to the routine inspection of playgrounds.
- The relocation of the administrative base of the Registration Service from its two current offices to Torquay Town Hall.
- The reduction in the capacity of the Council's Senior Leadership Team

I am recommending a delay in the implementation of three other proposals until 1 October 2019 and therefore only a part-year saving will be achieved in 2019/2020:

- Illuminations – Delaying implementation will enable time for sponsorship and/or an alternative approach to be agreed, communicated and introduced.

- Natural Environment – Delaying the contract savings will enable changes in the contracts to be made and time to engage with communities as to alternative arrangements, with the final plans effectively communicated.
- Torbay Coast and Countryside Trust – I am proposing that the Council will market test the level of management fee currently paid to the Trust. This will be the first time this has taken place since the Trust was established. The market testing has yet to be scoped but I am confident the exercise can be completed by 1 October 2019.

I am also recommending an increase from the proposed reduction in the highways budget which will be offset in 2019/2020 by utilising the expected underspend on the current year's budget. The underspend will be mitigated this year by the use of one-off transport funding from Government to enable a reserve contribution to be made in the current year.

Despite this, the Council will still spend approximately £3.6 million per week on services in the community (excluding funding for schools and housing benefit payments), and we also plan to spend £91 million on capital schemes.

The proposals within the revenue budget will have an impact on local residents, visitors, our communities and service users; if I had a choice I would not be proposing to make these changes. However, I hope that the Council can continue to work with its partners and communities to ensure a prosperous and healthy Torbay.

Gordon Oliver
Elected Mayor of Torbay

2 Introduction

This document and the papers which support it set out the Elected Mayor's final proposals for Torbay Council's budget for 2019/2020. It is part of the longer-term work that is continuing to ensure that the Council is fit for the future.

The Council's Budget Overview and Proposals for 2019/2020 was first published in November 2018 for consultation. During the consultation period, feedback has been received from service providers, partner organisations, service users, the community and voluntary sector and the general public. This report reflects the feedback received and outlines the changes that have been made to the Elected Mayor's proposals as a result. It also reflects the details of the Local Government Funding Settlement which was published in December 2018.

The document should be read alongside a series of other documents:

- **Torbay Council – Draft Revenue Budget Digest**
This provides a description of what each Council service does and how much it is proposed that they will spend next year including how much income they will receive. It sets out details of all of the proposals for service change, income generation and savings in order to produce a balanced budget for 2019/2020.
- **Equality Impact Assessments**
Where a proposal has been assessed as having a material impact on service users, an Equalities Impact Assessment has been prepared. These have been updated with the results of the consultation and any mitigating actions identified.
- **Fees and Charges**
The amount that the Council proposes to charge for its services over the next year.
- **Treasury Management Strategy**
This aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations and effectively control the associated risks.
- **Capital Plan**
This sets out the amount that it is proposed to spend in 2019/2020 on the capital projects that the Council is undertaking.
- **Capital Strategy**
This 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 four year Capital Plan.
- **Reserves**
The current and forecast position on the use of Council reserves.

The Elected Mayor's final budget proposals will be considered at the Adjourned Meeting of the Council being held on 7 February 2019. If the proposed revenue and capital budgets are approved by a majority of members then they will be adopted on the night. If an objection to the budget is proposed and approved by a majority of councillors, the budget will be deferred to the following meeting. Any

objections will be considered by the Elected Mayor and he will respond to the meeting of the Council on 21 February 2019 when the budget will be decided.

Council Tax levels will be set at the meeting of the Council on 21 February 2019 as the Council has to wait for notifications from the Fire and Rescue Authority, the Police Authority and Brixham Town Council before setting the overall Council Tax for Torbay.

Details of the meetings when the budget proposals will be discussed are available on the Council's website: www.torbay.gov.uk/meetings-and-decisions

3 Revenue Budget 2019/2020

The Council's financial planning for 2019/2020 started in March 2018 and the Elected Mayor's draft budget proposals were published on 2 November 2018 for eight weeks of public consultation.

The proposals set out for 2019/2020 includes a range of options of savings to be made through changes to services, raising of income or reductions in expenditure. These savings are part of the £18.5 million of savings which will need to be achieved by 2021/22 to provide a balanced budget as set out in the Council's Medium Term Financial Plan.

Funding Changes

The budget has been updated as various funding and income streams have been confirmed since the draft budget proposals were published in November 2018. The changes in funding are set out in the Table 1 below:

Description	Increase in Funding £000	Reduction in Funding £000	Commentary
NNDR Income	80		Forecast NNDR income for 2019/20 including s31 grant and top up grant
Council Tax Income	279		The Council Tax Base was set by Council in December 2018.
New Homes Bonus		111	Actual allocation announced in the Local Government Settlement.
	359	111	
Net Funding Changes	248		

Service Expenditure Changes

Since the Elected Mayor's budget proposals were issued in November 2018, the Elected Mayor has considered the views of the wider community and Members of the Council which have been provided during the consultation period. This has included the views of the Council's Overview and Scrutiny Board which were set out in its report to the Elected Mayor available at www.torbay.gov.uk/scrutiny.

The results of the consultation have been included within each relevant Equality Impact Assessment and in the overall report from the consultation exercise. The budget proposals issued in November 2018 have been updated and are set out in the Budget Digest. All of these documents are available at www.torbay.gov.uk/budget-201819.

A summary of changes in income and expenditure since the initial proposals were published are summarised in Table 2 below. This includes changes in the funding of the Council as a result of new legislation and Government announcements, changes in the proposals that the Elected Mayor had previously put forward, decisions taken by the Council since the draft budget was published and other pressures within the Council's services.

The table at the end of this document lists all of the Elected Mayor's proposals with those highlighted indicating the amended or new proposals.

Description	Reduction in Expenditure £000	Increase in Expenditure £000	Commentary
Winter Pressures Grant	829		New one off grant from Government which is ring fenced to adult social care
Winter Pressures Expenditure		829	Grant allocated in full to adult social care to meet demand and cost pressures
Social Care Grant	1,415		New one off grant from Government which is not ring fenced
Allocation to children's social care		1,415	Grant allocated in full to children's social care to meet demand and cost pressures
Highways Maintenance		320	Implement the proposed reduction from 1 April 2019, offset by utilising the expected underspend on the 2018/2019 budget
Highways Maintenance		130	Implement an additional reduction from 1 April 2019, offset by utilising the expected underspend on the 2018/2019 budget.
Highways Funding	450		Use of reserve to fund for one year
Children's playgrounds		7	Full re-instatement of proposed reduction
Registration of Births, Deaths and Marriages		45	Full re-instatement of proposed reduction
SLT restructure		55	Re-instatement of proposed reduction with a full-year impact of £100,000 in 2020/21
Torbay Coast and Countryside Trust		23	Implement the proposal from 1 October 2019 and therefore part year effect only. The full-year reduction of £45,000 will be included in the 2020/21 revenue budget.
Illuminations		10	Implement the proposal from 1 October 2019 and therefore part year effect only. The full-year reduction of £20,000 will be included in the 2020/21 revenue budget.
Natural Environment		50	Implement the proposal from 1 October 2019 and therefore part year effect only. The full-year reduction of £125,000 will be included in the 2020/21 revenue budget.
Funding of delaying the implementation of the three proposals above	83		Use of Comprehensive Spending Review Reserve to fund in 2019/20
Torbay Coast and Countryside Trust loan		32	Loss of the interest on the loan previously provided to Torbay Coast and Countryside Trust which is due to be repaid.
TOR2 Advance		235	Impact of the Council not providing an advance payment to TOR2 in 2019
TOR2 Pensions	150		Saving arising from TOR2 pension fund in surplus
Heart of the South West Joint Committee		4	Annual contribution to support the costs of the Heart of the South West Joint Committee
Department of Work and Pension Grants	13		Actual value of Department of Work and Pension grants now announced
Other adjustments		33	
	2,940	3,188	
Net Expenditure Changes		248	

Summary Budget Proposals

As a result of the changes to funding and service expenditure detailed in the sections above, the Elected Mayor's budget proposals for 2019/2020 are as follows:

2019/2020		
	£000	£000
Elected Mayor's Budget Proposal (October 2018) – Funding	111,119	
Funding Changes (from Table 1 above)	248	
Elected Mayor's Budget Proposal (February 2019) – Funding		111,367
Elected Mayor's Budget Proposal (October 2018) – Net Expenditure	111,119	
Service Expenditure Changes (from Table 2 above)	248	
Elected Mayor's Budget Proposal (February 2019) – Net Expenditure		111,367

Revenue Budget 2019/2020

The Council is being asked to approve the Elected Mayor's proposal for the total net revenue budget for 2019/2020 and the budget that will be required to be funded from Council Tax, as set out in the following table:

2019/2020		
	£000	£000
Net Revenue Expenditure	111,367	
Total Net Revenue Expenditure		111,367
Funded by:		
Business Rate Retention Scheme	(33,554)	
Revenue Support Grant	(6,421)	
New Homes Bonus and Local Services Support Grant	(988)	
Council Tax Requirement (2.99%)	(68,688)	
Collection Fund (Council Tax and NNDR)	(1,716)	
Total Income		(111,367)

The value of Council Tax resulting from a rise in the Torbay element of the Council Tax of 2.99% is £68.688 million. A 2.99% rise will increase the Band D Council Tax in Torbay by £43.64.

When the Council formally sets the Council Tax, the Council's budget has to include the budget for the Brixham Town Council which is due to be confirmed on 24 January 2019. The value of this precept will be included as part of the Torbay Council budget for Council Tax setting purposes.

The Council is also being presented the allocation of the 2019/2020 revenue budget to individual services as identified in the Budget Digest which has been circulated separately. 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. The approval of fees and charges for 2019/2020, 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 changes to fees and charges.

A summary of the budget by service area is shown in the table below:

Service	Expenditure £000	Income £000	Net £000
Joint Commissioning Team			
Childrens' Services	88,011	(51,776)	36,235
Adult Social Care and Housing	53,300	(14,093)	39,207
Public Health	9,627	(544)	9,083
Sub-Total – Joint Commissioning Team	150,938	(66,413)	84,525
Joint Operations Team			
Corporate Services	73,395	(63,523)	9,872
Place Services	39,605	(18,736)	20,869
Finance & Central	20,866	(21,080)	(214)
Investment Portfolio	6,369	(10,054)	(3,685)
Sub-Total – Joint Operations Team	140,235	(113,393)	26,842
Total	291,173	(179,806)	111,367

4 Capital Plan 2019/2020

The proposed Capital Plan of £91 million for the next financial year is predominantly comprised of schemes which have previously been approved.

£3 million is allocated to continue to improve the facilities in Torbay's schools and early years settings so that we can ensure that our children get the best start in life including classrooms at Brunel Academy and investment in classrooms in Paignton.

Over £30 million is planned to be spent on Investment Fund properties to generate an income stream to support key council services to compensate for central government funding reductions.

Over £35 million is planned to be spent as we work towards a more prosperous Torbay. Schemes such as the redevelopment of Claylands, town centre regeneration schemes, further transport improvements on the Western Corridor and investment in Edginswell Business Park, are aimed at ensuring jobs are maintained and created in Torbay. We will continue to maintain and improve the infrastructure within Torbay. Fisheries related investment at Oxen Cove and Jetty and the creation of the Electronics and Photonics Innovation Centre should be operational early in the financial year.

We will invest £2 million to ensure Torbay remains an attractive and safe place to live and visit including replacement of the Torbay-wide CCTV system, the continuation of our toilet modernisation programme and investment in the Harbour Lights in Paignton.

We will invest £16 million in protecting and supporting vulnerable adults. This includes the planned first phase of investment in the Council's housing company and for affordable housing to meet the Council's Housing Strategy.

The schemes within the Capital Plan will contribute towards a healthier Torbay through supporting our children and young people in their learning environment, promoting economic regeneration or protecting our natural environment

Appendix 1: Summary Budget Proposals 2019/2020

(The proposals are for revenue budget reductions and those in bold have changed since November 2018)

Proposal	Amount £000	Proposal	Amount £000
Adult Services and Housing		Community Safety	
Joint Commissioning Team	113	Home Improvement Agency	60
Place		Environmental Health service to Fishing Industry	20
Resort Services	20	Scores on the Doors	5
Tor Bay Harbour	50	Temporary Accommodation	10
UNESCO Geopark	10	Licensing	18
Highways	450	Corporate Services and Operations	
Oldway Mansion costs	118	Members Allowances	50
School Crossing Patrols	28	Internal Audit	20
Asset Rationalisation	36	Insurance Premiums and Fees	80
Illuminations	20	Registration of Births, Deaths and Marriages	0
Playgrounds	0	Apprenticeships	212
Asset Management	226	Union Duties Allowance	10
Parking	5	Oldway Mansion Insurance Costs	25
Regeneration	59	Corporate Support	20
Natural Environment	75	Senior Leadership Team Restructure	0
Events	164	Customer Services	
Torbay Coast and Countryside Trust	22	Pensions	43
Sea Fisheries	25	Vacancy Management	60
Archives	10	Debt Recovery	26
Business Support	50	Public Health	
Street Lighting	25	Adult Substance Misuse	100
Children's Services			
Business Support	150		
Procurement and Contract Management	550		

Further details of the proposals and the following document are available online at
www.torbay.gov.uk/fit-for-the-future