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Date: Tuesday, 04 February 2020

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Dear Member

CABINET - TUESDAY, 4 FEBRUARY 2020

I am now able to enclose, for consideration at the Tuesday, 4 February 2020 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
6.	Budget 2020/21	(Pages 156 - 286)

Yours sincerely

Teresa Buckley
Clerk



Budget 2020/21 Consultation Report January 2020

Number of questionnaires returned	
On-line	826
Paper	51
Total	877

This consultation was open between 18 December 2019 and 24 January 2020.

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1. Summary

The Leader of the Council and his Cabinet published their proposals for their first budget and engaged with individuals, communities and partners to help deliver a balanced budget.

We continue to face financial pressures arising from years of central government austerity measures and increasing demand on high cost services such as social care. We are likely to receive £6.5m of Revenue Support Grant from central government next year - that compares with £42 million in 2013/2014.

We estimate that we need to fill a funding gap of approximately £10.5 million to balance the budget in 2020/2021 and more than £18m by 2022/23. That's on top of the £82m in saving and efficiencies we have made in the last 7 years to achieve a balanced budget.

Approximately £2.5 million of the proposals for 2020/21 require decisions to be made by us and we consulted on these. As part of the consultation, we sought views on a number of proposals which could be implemented in future years.

There was a range of consultation opportunities during January 2020 with the full details available online at www.torbay.gov.uk/budget and via social media.

Public consultation on the proposals started on 18 December 2019 and closed on 24 January 2020. The Draft Budget proposals were communicated to the Torbay community via a press release to local newspapers and by posts made on Twitter and Facebook. Details about the proposals and supporting information were made available on our website.

A questionnaire was prepared which highlighted the main proposals being put forward in order to contribute to a balanced budget for 2020/21. It was made available as an electronic survey and as paper copies which were made available in the councils' public facing offices and all Torbay Libraries. Posters were put up in all public facing offices and at Torbay Libraries.

For each of the proposals respondents were offered the opportunity to comment. These comments have been grouped into themes with examples shown alongside each proposal. Some comments span a range of themes.

Stakeholders and Torbay Community

In accordance with the Constitution, the proposals were sent to all members of the Overview and Scrutiny Board for consideration. The Board established a Priorities and Resources Review Panel to consider a number of the specific proposals and receive representations from organisations and individuals at public meetings. The report from that review has been forwarded to the leader of the council for consideration.

Ward Councillors were briefed and asked to distribute posters at key community locations within their wards. Paper questionnaires were passed to those Councillors who requested them. The consultation was also promoted to all Council staff.

The consultation was promoted to all Community Partnerships and our key stakeholders. They were contacted directly and given information about the consultation, informed how they can get involved in the conversation, and asked to share awareness within their communities. They were offered the opportunity for a Councillor to attend one of their public meetings in order to give more detail about the consultation.

All local residents, business owners and organisations were invited to give their views via the online questionnaire. Over 400 Viewpoint panel members were emailed a link to the questionnaire and asked to complete it.

A #Your TQs (Facebook Live) session was held on 7 January and a drop-in Cabinet Conversation was held on 14 January where members of the public could ask questions about the the Budget, Draft Community and Corporate Plan and the Draft Housing Strategy.

In relation to the hackney carriage and private hire licence fees, a notice was published in accordance with Section 70 (3) of Local Government (Miscellaneous Provisions) Act 1976. One representation was received and is set out at page 43 of this report.

2. **Headline Results**

There has been much larger response to the budget consultation than in previous years with a total of 877 completed surveys. There were also 11 written representations received from individuals and organisations in response to the budget proposals. These have been collated, anonymised where necessary and can be found at Appendix 1.

The vast majority of respondents identified themselves as Torbay residents (780). Of these respondents who told us their postcode, 24.2% were from Torquay, 42.5% from Paignton, and 22.2% from the Brixham area.

In the majority of cases, people were in favour of the proposals put forward. There were nine proposals that more respondents were in support of than were not, these are as follows:

- To increase the level of income from our planning service, through an enhanced pre-application service and a new application checking service.
- To establish an environmental enforcement service to improve levels of cleanliness across Torbay, with income generated through contracting with an external provider.
- To invest an additional £0.5 million in public toilet provision at Meadfoot, Broadsands, Goodrington North, Abbey Meadows and Preston Bus Shelter.
- To review how we look after our parks, cut our grass and provide litter and park bins to make sure we make the most efficient use of our resources
- To review further how the council delivers services through standardising and simplifying them, making better use of technology, improving access to services and empowering our communities.
- To work with partners to find alternative funding for illuminations in Torquay and Paignton.
- To review the subsidies and grants provided to our theatres, museums and events.
- To create a single Community Empowerment Fund which includes all community grants.
- To introduce an optional kerbside green waste collection service for which we would charge a fee.

There were four proposals that the majority of respondents did not support, they are:

- To increase the cost of annual car park permits from £365 to £430.
- To introduce a charge for disposal of household DIY waste (such as plasterboard, rubble and asbestos) at the Recycling Centre.
- To encourage more recycling and reduce the amount of recyclable waste placed in wheeled bins by moving to a three weekly residual waste collection.
- To increase Council Tax by 1.99% for general expenditure, and 2% specifically for Adult Social Care.

The majority of respondents were female at 57.5% compared to only 36.9% of respondents identifying as male.

Most people who responded were aged between 55 and 64 (22.0%).

Social Media

During the consultation 20 Facebook posts (including a Facebook Live) and 15 tweets relating to the budget consultation were posted and they reached a potential audience of 90,000. More importantly, engagement was high across both platforms with a total recorded 10,500 reactions, comments and shares. The engagement percentage rates (the percentage of people reached who liked, shared, commented or clicked on our posts) for both Twitter and Facebook was high, achieving an average of **6.39%** for Facebook and **1.97%** on Twitter. For comparison, the latest figures show the average engagement rate is 0.1% for Facebook and 0.06% for Twitter.

The posts successfully drove people to the consultation - there were 603 direct link clicks from our Facebook and Twitter posts to the Budget and Budget Consultation web pages.

The Ask Us Facebook Live on 7 January reached a potential audience of over 7,200. At its peak it had 76 live viewers and there were a total recorded 3,200 views of 3 seconds or more recorded on 27 January.

Most of the feedback on Torbay Council's social media channels was posted on Facebook.

Torbay Council responded to comments to answer any questions posed, to correct misinformation, to signpost people to the consultation, and to refer comments to relevant departments. In addition, members of the Council joined in the conversations and were able to put their views direct to residents.

Themes of the comments in response to our social media posts are listed below.

- Assets and Investment portfolio.
- Requests for updates on local assets e.g. Crossways, Oldway, Pavillion.
- Maintenance of seafront lights.
- LED street lights.
- Parking charges.
- Disparity between the towns.
- TOR2 missed bin collections & leaving litter.
- Highways repair.
- Charges for public toilets and closure of public toilets, cleanliness, accessibility and safety.
- Improvements to our high streets and attract businesses.
- Improve our tourism offer.
- Volunteering suggestions.
- Cut Staff and councillor salaries.
- Litter and street cleanliness / reduction in bins and frequency of bin emptying, fines for travellers.
- Flowerbeds – sponsorship, empty beds and wildflowers.
- Lack of success of Council contracts.
- We've already made our decision, we don't listen and don't respond to comments.
- Lobby government for more funding
- Re-join Devon.

Torbay Community Development Trust asked representatives to attend a consultation event on the Budget, Draft Community and Corporate Plan and the Draft Housing Strategy on 23rd January, at 6:30pm, at Central Church, Torquay.

A report by CDDT about the event is at Appendix 2.

3. Summary of results

- 1) We are proposing to increase the level of income from our planning service, through an enhanced pre-application service and a new application checking service. We are also proposing to reduce the costs associated with the advertisement of planning applications.

These proposals are expected to generate an income of £40,000 in 2020/21.

	Number	Percent
I agree with this proposal	624	71.2%
I disagree with this proposal	187	21.3%
No answer	66	7.5%
Total	877	100.0%

- 1a) If you have any comments on this proposal please tell us.

Theme	Examples of comments
Other (40)	<p><i>"As long as these charges are in line with other authorities."</i></p> <p><i>"Charge more for the application, not for advice on the pre-application. You want people to request advice at an early stage to get applications through planning as easily/quickly as possible."</i></p> <p><i>"If developers get planning permission and fail to complete construction within 5 years, you should impose substantial fines. That would stop demolition sites being left as vacant eyesores."</i></p> <p><i>"Would require environmental consideration be the driving force behind all planning decisions"</i></p>
Costs enough already (21)	<p><i>"This will surely put the cost up for the average person wanting to submit an application and reducing the cost for developers wanting to advertise that they have planning permission on the site they are looking to sell? How is this justifiable?"</i></p> <p><i>"I don't think you should have to pay even more money if your wanting to built on your own property because it doesn't affect anyone else and all were paying for is a yes or no answer from you which is really bad so why should a yes or no answer cost money is the first place let alone how much it actually costs now."</i></p> <p><i>"It's a rip off"</i></p>
Not enough information (18)	<p><i>"To make a valid assessment the precise figures should be available, for example how much are you proposing to reduce the cost of advertising of planning applications? Why dont you put them on a portal anyway?"</i></p> <p><i>"I don't completely disagree but how is one to make a choice without any detail? For example, by how much will this cost people?"</i></p>

Theme	Examples of comments
Agree as long as clear to find / more simple / cost not too high (15)	<i>"This proposal could work well as long as costs are not ridiculous"</i> <i>"Agreed provided that notifications of planning applications can be found on line and detail of how to find them are clear and easy to find."</i>
Planning time to be speed up and department better resourced (9)	<i>"I would hope that the Planning team will be better resourced and that these proposals do not increase bureaucracy"</i>
Charge larger companies not home owners (4)	<i>"This should only be introduced in respect of businesses and not for private dwellings."</i>
Additional optional service rather than compulsory (3)	<i>"A checking service would be useful as long as it did not build in further delays and as long as it is an optional additional service rather than a requirement designed to generating income"</i>

2) We are proposing to increase the cost of annual car park permits from £365 to £430.

This proposal is expected to generate an income of £18,000 in 2020/21.

	Number	Percent
I agree with this proposal	302	34.4%
I disagree with this proposal	541	61.7%
No answer	34	3.9%
Total	877	100.0%

2a) If you have any comments on this proposal please tell us.

Theme	Examples of comments
Cost too much already / too high an increase (123)	<i>"you must get enough money from the amount of parking meters already in place. Annual permits are used by professionals/General public who need to park in and around Torbay and the permit offers convenience to their busy life and professional duty to the public."</i> <i>"Torbay parking charges are already ludicrous!!"</i> <i>"Your consultation says this will have minimal impact on residents! I suspect it is only residents that purchase these permits. The increase is over 17% and would make the permit unaffordable for many people who currently have one."</i>

Theme	Examples of comments
	<p><i>"Totally disagree. The parking fees throughout Torbay are far too high and are driving people out of the town centres. £1.40 an hour plus 30p admin fee if you pay by card. People in Torbay don't earn London wages."</i></p> <p><i>"20% is too much. I would happily accept 5% as being a necessary evil.."</i></p> <p><i>"Parking is expensive enough as it is! You'd be better trying to generate more income by encouraging people to use your car parks rather than make more people less likely to buy permits. You won't get any income if people no longer buy permits and choose to park on side streets instead!"</i></p> <p><i>"Expensive enough already for people who cannot walk to shops easily."</i></p> <p><i>"That is way above inflation. Stop using motorists as a 'cash cow'. Other places nearby such as Teignbridge don't do this. If you increase the cost less people will buy permits so I question whether you will get more money. Also more people park on nearby roads reducing car spaces for residents."</i></p>
<p>Other (65)</p>	<p><i>"Probably many will not renew so no major increase in income. Who buys permits? Is it town center employees, if so more shops will go."</i></p> <p><i>"Double yellow line times should be reviewed like the one along Berry Head Road Brixham which does not operate between October and April losing the Council income and causing traffic problems along this narrow road."</i></p> <p><i>"I would more like Tom see a car park permit for beach hut users or..a discount on permits for beach hut users. Could the other permit 3pm to 10am....give you a bit more time? 2pm ? Maybe"</i></p> <p><i>"A difficult thing for me to comment as I use the bus where possible and don't have to work in Torquay. I am sure some people will object if they have to use their cars because of the hours they may have to work and they may not be on a bus route."</i></p> <p><i>"If it's the annual parking fee. I disagree if you are going to put up the off peak parking fee."</i></p>
<p>Locals suffering financially (41)</p>	<p><i>"Salaries in Torbay are fairly low as it is. While I don't purchase parking permits in Torbay I think it would have a negative effect on people with low incomes. Perhaps an alternative would be a means funded parking permit or permits that cover those who work in Torbay for their working days but not be valid for casual trips to the towns."</i></p> <p><i>"Again only the locals financially suffering. There is just no justification for charging so much to park a car. Double tax already, what do we pay car tax for?"</i></p> <p><i>"This will deter people from working in Torbay. Many people work in the hospitality and tourism industry and are unable to use public transport as not operating early morning/late night. This also a safety issue particularly travelling home late at night"</i></p> <p><i>"This is just a local tax on people parking close to their own homes. Nearly 20% increase when people income has been falling or severely restricted for a decade."</i></p>

Theme	Examples of comments
Will affect footfall in towns (31)	<p><i>"We have lost enough high street shops already due to high car park and on street parking charges. We cannot afford to lose any more. Reduce parking charges!!!"</i></p> <p><i>"The towns are dead as it is... you are literally punishing those that work in the shops. By increasing yet again, shops are simply going to pull out. You should be welcoming people to work in the high streets, help them to help you, not just money grab"</i></p> <p><i>"Every time you increase parking fees it reduces the people coming to Torbay from other areas and diccourages locals from the towns. Some areas have decreased parkung fees and found that it attracts people to their area."</i></p>
Will make people park elsewhere (24)	<p><i>"If you increase charges more people will find alternative parking leaving a hole in the purse common sense should prevail and drop prices so more people use this service bringing in more revenue sometimes common sense needs to be shown to local workers who are on a low wage so think again Torbay council"</i></p> <p><i>"People without parking on their property, often buy a permit so they can park, this could well force them to street park, which would mean loss of revenue to you, and more congestion on our already busy side roads."</i></p> <p><i>"This will lead to more people parking in residential areas"</i></p>
Fair idea (5)	<p><i>"Roughly 2 pound per day for someone working 9 to 5 5 days a week. Good value really when you charge £1.50 per hour."</i></p>
As long as the money spent on carparks / roads (2)	<p><i>"as long as the money is spent on car parks and intown parking"</i></p>

3) We are proposing to establish an environmental enforcement service which will lead to improved levels of cleanliness across Torbay, with income generated through contracting with an external provider.

This proposal is expected to generate an income of £70,000 in 2020/21.

	Number	Percent
I agree with this proposal	592	67.5%
I disagree with this proposal	240	27.4%
No answer	45	5.1%
Total	877	100.0%

3a) If you have any comments on this proposal please tell us.

Theme	Examples of comments
<p>Other (51)</p>	<p><i>“Put our unemployed to work 1 day a week Set up a volunteering scheme locally to help with litter, beach clean, bush / grass cutting etc Fining people for a dropped cig butt is nonsense and only makes the external provider richer!”</i></p> <p><i>“You did this before with terrible consequences. Ridiculous fines for dropped ice creams and stolen dropped food from seagulls”</i></p> <p><i>“I am amazed at the number of people who just drop litter and do not pick up or who do not clear up after their dogs.”</i></p> <p><i>“The whole idea of litter police is absurd and unenforceable.”</i></p> <p><i>“As long as they issue tickets and bring in money to the council.”</i></p>
<p>Keep in house (39)</p>	<p><i>“Why contract with an external provider - one who would, presumably, make a profit from the service they provide. It would be more cost effective - and Council would have more control - to develop the service in-house.”</i></p> <p><i>“Sometimes contracted out services are poor unless strictly monitored”</i></p> <p><i>“Why use outside contracting, thought you had a environment department.”</i></p> <p><i>“Have you not learnt by employing tor2 the service is shocking”</i></p>
<p>As long as cleanliness and service is improved (34)</p>	<p><i>“Hope this will deal with the high levels of dog poo that are all around the bay!”</i></p> <p><i>“As long as it includes enforcement of the other aspects of the clean neighbourhood and environment act 2005, ie enforcement of illegal on street car sales, illegal advertising Vans etc etc”</i></p> <p><i>“Better cleanliness for the bay is urgently needed.”</i></p> <p><i>“Torbay can be pretty grotty. The place definitely needs to be cleaner.”</i></p>
<p>More info needed (34)</p>	<p><i>“Presumably money generated by fines? What will the cost be for employing the enforcers & what happens if the fine cannot be paid?”</i></p> <p><i>“It’s a bit Woolly what does this actually mean”</i></p> <p><i>“Not enough detail on how this will be achieved eg are costs for toilet use going up ?”</i></p> <p><i>“More explanation needed. What does the cost cover? How much will it cost?”</i></p>
<p>Provide adequate bins and collection service (22)</p>	<p><i>“as long as you make sure the tasks are carried out and the money spent in the correct departments, not on palm trees!!!!!!!!!!!!!!”</i></p> <p><i>“Existing waste removal services provided by Tor2 are insufficient and have had high profile issues in recent years. I strongly disagree with an enforcement service while we can’t even run a bin collection service properly.”</i></p> <p><i>“Please just provide a reliable and efficient service. We were previously told that the ‘new’ kerbside recycling service would generate tens of thousands pounds worth of revenue ... did it?”</i></p>

Theme	Examples of comments
Agree (15)	<i>"About time we had clean streets."</i> <i>"Long overdue, please do not limit this to the town centres."</i>
How will income be generated (15)	<i>"This doesn't sound viable, and if the external provider doesn't provide the income, you will be stuck in a contract you can't get out of."</i> <i>"how will contracting out the service generate income?"</i>
Issue fines to dog owners / fly tippers (12)	<i>"Can this also include extra staff who can issue fines to dog owners who don't clear up mess and also monitor the beaches to keep them dog free in the summer months?"</i> <i>"Introduce on-the-spot fines for littering and fly-tipping and enforce them strictly.CTV cameras would help enormously."</i>
Education is needed (8)	<i>"This sounds like traffic wardens for our refuse. Will the money come from fines? Only a select handful will pay up, just like with parking charges. Education is needed first."</i>
Will lead to fly tipping (8)	<i>"This will lead to an increase in fly tipping due to people being fined for putting excessive rubbish out with their regular collection and therefore an increase in costs for the council when it has to be picked up!"</i>
Litter left after refuse collection (6)	<i>"You can improve the mess on Torbay road by ensuring that you recycling operatives do not leave rubbish that they drop. It is always clear if you drive down the road they have just been collecting"</i>

4) We are proposing to invest an additional £0.5 million in public toilet provision at Meadfoot, Broadsands, Goodrington North, Abbey Meadows and Preston Bus Shelter.

We are already investing in new public toilets at Preston Beach Central. This investment will be funded from the closure of the toilets at Preston (North and South) and Goodrington South.

We will also look for a partner to continue to run the toilets at Corbyn Head but if there are no viable proposals, these toilets will also close.

This is a proposed investment of £0.5 million in 2020/21.

	Number	Percent
I agree with this proposal	518	59.1%
I disagree with this proposal	318	36.3%
No answer	41	4.7%
Total	877	100.0%

4a) If you have any comments on this proposal please tell us.

Theme	Examples of comments
<p>Cost / should be free or less (60)</p>	<p><i>"Although I am pleased that you are opening new toilets, but not closing them, also the 30p charge us dear - Plymouth is only 20p. Summer opening; used to be from 1st April to 31st October 2018/19 was only 1st May to 30th September. Why?...."</i></p> <p><i>"I do not approve of closing toilets. The pones that need improving be done in an economic way. 30p is too much to expect one to pay. Remember it is the council tax payer who is paying. Of anything I think toilets are the most basic necessity."</i></p> <p><i>"Toilets are a necessity for walkers, children and the elderly. In these days of a developing cashless society too, people often don't have the coins needed and 30p is too expensive anyway. 20p would have been more acceptable."</i></p> <p><i>"Toilets should be free and they are disgusting in torbay"</i></p> <p><i>"Toilets should be free and available to all. Closure will lead to people using doorways, alley ways, etc (imagine the harbour area on a Saturday night!) and become a public health hazard. Families with children on a day out will not pay 30p a pee; this will just deter people from coming to the bay."</i></p> <p><i>"I agree, but only if you don't make anyone pay to use them. People already pay enough as it is and paying to use a toilet is just wrong, but yet those who cannot afford to pay have accidents or do it on the street and they get arrested for indecent exposure. It's not fair on those who cannot afford it or who have little kids"</i></p>
<p>Other (60)</p>	<p><i>"Long awaited public decency aspects"</i></p> <p><i>"No comment as not affected"</i></p> <p><i>"Not statutory service. Plenty of toilets in Torbay."</i></p> <p><i>"Perhaps this could be funded by a small charge. But please don't outsource it."</i></p> <p><i>"Privatised toilets on Paignton seafront close at 9pm even during the summer while events are running."</i></p> <p><i>"Subcontracting services out never seems to result in improvement and the council relinquish any responsibility for keeping standards high. Most people are furious at being charged to use facilities."</i></p>
<p>Stop closing toilets (50)</p>	<p><i>"All public toilets need to be kept open."</i></p> <p><i>"As a tourist destination it seems illogical to close both toilet provisions at Preston Beach and replace them with another that is not near the beach....."</i></p> <p><i>"closing further toilets is unacceptable- residents & visitors will be affected. and when the tourists top coming because of shortage of toilets/ cost to use where will the council get its money from then?"</i></p> <p><i>F"ull council agreed that no toilets should be closed, there is a proposal that tobay should be the premiere tourist dstination in england, reducing toilets provission is negative to this aim....."</i></p> <p><i>"There are few enough public toilets in Torbay, please don't close any more, especially near beaches"</i></p>

Theme	Examples of comments
<p>Will affect tourism / deter visitors (40)</p>	<p><i>"The lack of these toilets will drive away the visitors"</i></p> <p><i>"NOT GOOD FOR ELDERLY OR THOSE WITH MEDICAL CONDITIONS AND WILL NOT HELP WITH TOURISM WE WILL BE KNOWN AS THE RESORT WHERE YOU CANNOT PEE."</i></p> <p><i>"I disagree with this proposal on the basis that any closure or for people to have to queue could discourage holiday makers to return thus reducing tourist and income to the area."</i></p> <p><i>"People who have beach huts who pay rent, will have to pay to park and pay to use the toilet. Will drive people away from the Preston sands area"</i></p>
<p>Cleanliness (29)</p>	<p><i>"I think the public toilet situation is disgusting I suffer from Inflammatory bowel disease and offer get the urgent need to go toilet yet I have to scramble around for change to sit in a filthy sess pit that a junky has left its mark"</i></p> <p><i>"Charging for toilets is fine, but when you pay only to find out the toilets are in the mist disgusting state, is simply not on. They need to be checked and cleaned more often."</i></p> <p><i>"My experience is that toilets in this country are disgusting. All the toilets should be like the new ones in Goodrington, pay for themselves and hygenic. It shouldn't be difficult in 2020 to have a clean toilet to visit."</i></p>
<p>Refurbish / upgrade existing toilets (27)</p>	<p><i>"Why build new toilets when have existing ones that can be refurbished? No to "partners" , ie privatised!"</i></p> <p><i>"Public toilets are a must for Torbay as a holiday destination with thousands of visitors surely upgrade what we have saving thousands of pounds instead of spending the buildings are there so use them"</i></p> <p><i>"I think the current toilet blocks just need a lick of paint & a tidy, maybe the beach hut community or the kiosk owner could take this on??"</i></p>
<p>More toilets not less (25)</p>	<p><i>"Not enough toilets. Especially for those with medical issues. I can't walk from Torre Abbey to the beach ones in time. In town there isnt enough working clean toilets."</i></p> <p><i>"More free toilets accessible from bus stops and car parks for disabled. Both Goodrington n and s need free toilets"</i></p>
<p>Essential (16)</p>	<p><i>"Public toilets should be provided and maintained. I feel that people generally treat facilities like toilets in a manner which they find them. If facilities are clean and well maintained then people tend to look after them better and behave in a more civilised way"</i></p> <p><i>"Seaside toilets are an integral part of life and should not be closed, the council has a duty to care for them, which could be cared for by the new Torbay clean department."</i></p>
<p>Better disabled facilities (5)</p>	<p><i>"I agree but I have found when taking my learning disabled students out in Paignton that the Paignton seafront toilets are very difficult to use. Disabled toilet was closed so I had to verbally guide my blind student through the 20p barrier in the ladies. So better thought out systems or more disabled facilities."</i></p>
<p>Good idea (5)</p>	<p><i>"Resources have to be used effectively, if all other avenues have been explored then these changes should be supported. It is difficult to judge if the right choices have been made based on any other than emotion or personal preference without further information. I think this is an opportunity for the council to stand up and say the options have been looked at and though it will adversely impact on some people it is right."</i></p>

4b) If you or anyone you know is interested in operating the toilets at Corbyn Head, please let us know your name and contact details.

Any contact details received will be passed to the relevant council department.

5) We are proposing to review how we look after our parks, cut our grass and provide litter and park bins to make sure we make the most efficient use of our resources:

This may involve cutting the grass less often – making it more friendly to bees and insects whilst making sure we are mindful of the places that tourists visit.

We will look to prioritise the planting beds which are in tourist areas and work with the community to maintain other planting beds.

We will look to remove litter and park bins where there are others in very close proximity.

This proposal is expected to save £191,000 in 2020/21

	Number	Percent
I agree with this proposal	454	51.8%
I disagree with this proposal	383	43.7%
No answer	40	4.6%
Total	877	100.0%

5a) If you have any comments on this proposal please tell us.

Theme	Examples of comments
Environment / nature (96)	<p><i>"I fully support rewilding areas to support wildlife. Can wildflower seeds be planted in such areas to encourage diversity and look attractive to visitors. General public will need educating as to the benefits of this otherwise they will complain it looks untidy"</i></p> <p><i>"YOU CAN DO BOTH AT THE SAME TIME - WHILST SECURING MICRO-HABITS AND SECURING GRASS!"</i></p> <p><i>"Love to see natural flowers which will increase the birds and insects"</i></p> <p><i>"You could look to setting aside some areas as wild gardens in the public parks - ie some long grass and natural wild flowers need only be mowed once a year. National Trust and others cut paths through the long grass on a number of their estates - it reduces costs and is good for wildlife."</i></p> <p><i>"Why do you not plant a lot more wild flower beds which look after themselves and encourages wildlife"</i></p> <p><i>"I think rewilding areas is a great idea"</i></p>

Theme	Examples of comments
<p>More bins needed (94)</p>	<p><i>“Do you actually walk around Torquay? There is rubbish everywhere!!! Less bins is a crazy thought.you can never have too many bins. Plus keeping areas tidy is a must. Not just for the bloody tourists but for the people who PAY TAXES.”</i></p> <p><i>“Don't reduce bins they are already overflowing”</i></p> <p><i>“I feel believe there is a needfor more litter bins, not less.”</i></p> <p><i>“More bins needed!! Put the unemployed to work by using a volunteer scheme designed to help get people off their backsides and actually helping our community instead of robbing the resources”</i></p> <p><i>“We need more bins not less, save money by sacking the idiot who thought of this.”</i></p> <p><i>“We need more bins, not less. This is completely unacceptable.”</i></p>
<p>Appearance (73)</p>	<p><i>“You have already cut cutting the grass quite dramatically ,but if you have to do this please maintain the tourist areas ,although in Brixham we are lucky to have Pride in Brixham .”</i></p> <p><i>“The towns already look a mess because of lack of care, yes, the tourists do notice and have passed many comments about it.”</i></p> <p><i>“Why remove bins will make the bay look bad”</i></p> <p><i>“You must present our towns with flora. Mow around the borders of proposed bee areas that at least gives the impression its cared for.”</i></p> <p><i>“Wildflower the grass verges would look stunning!”</i></p> <p><i>“Although not cutting grass in public view makes the area look untidy.”</i></p>
<p>Will increase littering (60)</p>	<p><i>“I think removing bins from anywhere will end up costing more long term as people are lazy and if there is no bin near litter will be left on the ground.”</i></p> <p><i>“Unfortunately people are lazy and removing bins will cause more litter”</i></p> <p><i>“Litter bins should not be removed as this will only increase the amount of litter dumped within the bay. If bins are to be removed, the existing ones need to be emptied more often.”</i></p> <p><i>“you moan about fly tipping. this will encourage more people to dispose of rubbish anywhere. Bins are a necessity”</i></p> <p><i>“There are already very few bins, if you remove more then there will obviously be an increase in littering! Also it is pure laziness to leave grass uncut “for the bees””</i></p> <p><i>“This will only cause additional littering of our environment”</i></p>
<p>Residents need tidy areas too (46)</p>	<p><i>“If only the areas tourist visit are attended to what will happen to residential areas. After all we are the people paying for these services the tourist get the benefit.”</i></p> <p><i>“Parks are the life lines for family round paighton”</i></p> <p><i>“After the tourists go home you are left with the locals. Do locals not deserve more consideration and thought that tourists after all it is the locals who help to keep businesses surviving throughout the winter months.”</i></p>

Theme	Examples of comments
	<p><i>"The part I disagree with is cutting the grass less often..... All public areas must essentially be kept tidy to enhance the lives of all the community, not just tourists and insects. All planting beds must be maintained."</i></p>
<p>Tourism (46)</p>	<p><i>"Must remain mindful of being attractive to tourists. Bins need to be large enough to accomodate rubbish. Perhaps could instigate a seasonal change situation where we have larger bins in summer, and remove several during the winter months."</i></p> <p><i>"It is important to keep parks pristine as this is a showcase for tourism. Bins are Already often overflowing and to reduce them would be a false economy. We already see in social media that reducing planting has a detrimental effect in tourism."</i></p> <p><i>"Over grown meadows don't attract family holiday makers"</i></p> <p><i>"Be very careful to maintain a pleasant scene. When Folkestone drastically cut its public floral displays, it hastened its rapid decline as a seaside resort."</i></p>
<p>Other (39)</p>	<p><i>"Removal of any litter bins needs to be carefully considered first."</i></p> <p><i>"An unfortunate but understandable requirement."</i></p> <p><i>"My husband and I saw last Sunday a tractor and mower cutting grass in front of Torre Abbey in very wet and soggy ground. Is it normal for mowers to work on a Sunday, I presume it was council workers."</i></p> <p><i>"Are you crazy"</i></p>
<p>Dog bins / waste issues (36)</p>	<p><i>"Agree with majority of this however lots of areas have had dog bins removed which then results in people not picking up after dogs or leaving bags behind. Some areas have combined litter/dog waste bins, would this reduce costs if some bins were combined"</i></p> <p><i>"The only element I disagree with is the bins. As a mum of young children, it's disgusting how many green areas have dog faeces and litter everywhere. It would be a shame to see our green areas not maintained but worse to see them dirty"</i></p> <p><i>"Please do not take away any dog poo bins. There is already a dog poo problem. Definitely leave longer grass in some areas and plant plants which will be bee friendly and also look great."</i></p>
<p>Volunteers / community (33)</p>	<p><i>"I nervously agree with this, that sounds like a lot of money being saved the green spaces need to be protected and valued at all costs. working with community builders could help local areas to engage with more management of their own local green spaces and help to keep costs down to a minimum"</i></p> <p><i>"More bins needed!! Put the unemployed to work by using a volunteer scheme designed to help get people off their backsides and actually helping our community instead of robbing the resources"</i></p> <p><i>"Couldn't volunteer groups help like in Brixham?"</i></p>
<p>Cut grass more often (24)</p>	<p><i>"Madness. Torbay needs more guns not less. If dogs use the grass to toilet on. The grass needs to be cut."</i></p> <p><i>"Can't see how you want to cut grass less often I normally have to contact you to cut grass in cherry brook as it gets that long I can't see on coming vehicles. Hazard."</i></p>

5b) If this proposal goes ahead, which planting beds do you think should be prioritised?

Respondents were able to see a list of beds or leave a comment.

The table below shows how many times each flower bed was mentioned.

		Number
Torquay	Abbey Park Carpet Bed	11
	Babbacombe Downs	25
	Cary Green Planters	4
	Castle Circus Union Street	4
	Clock Tower Bed	7
	English Riviera Bed	32
	Harbourside Planters x 14	9
	Italian Gardens	7
	Prezzo Beds x 4	1
	Princess Gardens Fountain	13
	Princess Gardens Planters	12
	St. Marychurch Planters	10
	Sunken Gardens	5
	Vaughn/Victoria Parade	4
Paignton	Memorial Bed Torbay Rd/Esplanade Road	17
	Paignton Carpet Bed Torbay Rd/Esplanade Road	13
	Paignton Harbour	14
	Palace Avenue	22
	Preston Sea Front	16
	Sea Way Corner Central Reservation	6
	Station Square	16
	Torbay Park	16
	Totnes Road/Winner St Mermaid Planter	3
Brixham	Berry Head Road Memorial Planters	15
	Bonsey Gardens	7
	Brixham Market Raised Bed	12
	Churchill Memorial Gardens	6
	Furzeham	9
	Monksbridge Junction (Boat)	13
	Total	344

The table below shows the themes of comments in response to question 5b.

Theme	Examples of comments
<p>Seafront / beach / harbours (63)</p>	<p><i>"All those on the sea front in both paignton and torquay."</i></p> <p><i>"I think along the seafront areas should all be kept nice with bedding plants. I think others maybe better seeded with wild flowers?"</i></p> <p><i>"Seafront should take priority. This is a tourist resort"</i></p> <p><i>"We need to prioritise the seafronts"</i></p> <p><i>"All seafront locations"</i></p> <p><i>"All seafront beds in all three towns and all beds at points of high tourist footfall"</i></p>
<p>Other (54)</p>	<p><i>"All of the beds on the list should be maintained, but please consider more permanent planting rather than annual bedding. Planters are not sustainable."</i></p> <p><i>"'Pride of Brixham' does a wonderful job. Are there similar volunteer groups in Preston, Paignton and Torquay, that could take over some of the tasks?"</i></p> <p><i>"MAKE NEW BEDS!"</i></p> <p><i>"This is not within my expertise so unsure. However, those that will be most hardy and attract the most wildlife would surely be the best choice."</i></p> <p><i>"Why not lease planting beds to local businesses they can pay for the plants and maintenance in return for a small plaque advertising the businesses name and to show they are supporting the local community and environment. Maybe a prize for the business with the best bed like to Chelsea flower show to create competition."</i></p>
<p>All (30)</p>	<p><i>"All of them"</i></p> <p><i>"All beds should be retained as shows a looked after neighbourhood, where beds have been removed they should be reinstated....."</i></p> <p><i>"All the beds are important. Have you forgotten this is a tourist destination?"</i></p>
<p>Tourist areas (19)</p>	<p><i>"All beds within walking distance of the main hotel areas must be kept planted all year round."</i></p> <p><i>"Plant everywhere...! Tourists come for the gardens and parks. We don't all want arcades, coffee shops and empty towns. We want clean beaches and beautiful areas to walk in."</i></p>
<p>None (10)</p>	<p><i>"None. The council wasted over £20,000 on a palm tree several years ago!!."</i></p> <p><i>"None. Grass over flower beds and / or plant Torbay palms which are much cheaper to buy and maintain."</i></p>
<p>Town centres (8)</p>	<p><i>"..... town centres - they have to be inviting to get locals as well as tourists to shop there"</i></p>
<p>Town entrances (4)</p>	<p><i>"Areas around the harbour should be maintained, equally areas which are around the main entrances and exits in to Torbay and are highly visible such as Winner Street in Paignton."</i></p>

5c) If you would be willing to volunteer to help maintain planting beds in your neighbourhood please let us know your name and contact details.

Any contact details received will be passed to the relevant council department.

Respondents also commented that many of them already volunteer, some cant volunteer and others made suggestions of ways to source volunteers.

6) We will be reviewing further how the council delivers services through standardising and simplifying them, making better use of technology, improving access to services and empowering our communities.

This proposal is expected to save £386,000 in 2020/21.

	Number	Percent
I agree with this proposal	685	78.1%
I disagree with this proposal	108	12.3%
No answer	84	9.6%
Total	877	100.0%

6a) If you have any comments on this proposal please tell us.

Theme	Examples of comments
Not enough information (73)	<p><i>"This has explained none of your proposed actions and I can not therefore agree or disagree"</i></p> <p><i>"Need a bit more info on this...?!? The council aren't known for simplifying anything...!"</i></p> <p><i>"More detail needed before I can answer this!"</i></p> <p><i>"Can't comment without more detail on which services and how communities are 'empowered'. Sounds like passing the buck, - hope I'm wrong."</i></p> <p><i>"Depends entirely on which items and how they are "standardized"."</i></p> <p><i>"Bit difficult to respond to when no real info given about this. 'Empowering communities' does this mean relying on more help from volunteers and monetary input and so using our taxes on other things not discussed?"</i></p>

Theme	Examples of comments
<p>Other (47)</p>	<p><i>"Possible streamlining services agreed can save money."</i></p> <p><i>"This agreement is in principal only - need to see more detail. Before you try to empower communities, you need to look extremely hard at council officers attitudes towards those whom they are supposed to serve. There has been no apparent improvement since the community conference, despite it being universally stated that this was a huge problem."</i></p> <p><i>"Need to look at disposals of buildings & assets. Need to look at disposal of expensive "grand" town hall. What is wrong with working from industrial park - far cheaper."</i></p> <p><i>"Great - IF the services are still properly delivered."</i></p>
<p>Customer focussed / accessibility of technology (47)</p>	<p><i>"This is fine as long as you take into consideration that not everyone has good or even any access to the internet. Families in deprived areas and the elderly will struggle with this the most so this needs to be considered and support and access would need to be made available. It would need to be far more accessible than applying for housing for example as that is a ridiculous site to navigate and the lack of support is shocking."</i></p> <p><i>"Torbay has huge numbers of over 50s that are not technologically savvy how will they access their essential services? will there be training on the technology uses?"</i></p> <p><i>"Standardising and simplifying" is far too often a euphemism for making access to services less helpful and more difficult for many people. What has been written here does not provide any suggestions as to how access to services might be improved or people might be empowered. Already it is the case that people are almost always unable to speak to a human being about housing, council tax issues or many other matters."</i></p> <p><i>"Remember we are not all computer literate .."</i></p>
<p>Access to services needs improving (20)</p>	<p><i>"Be nice to still be able to speak to real people"</i></p> <p><i>"Update your system so people can buy Parking permits online rather than having to send in a cheque and wait 6 weeks."</i></p>
<p>This should be done already / as a matter of course (10)</p>	<p><i>"This something which has been proposed nearly every year for over a decade, if services are not running at peak efficiency the heads of departments must carry the can as do football managers. Services are cut to the bone as it is there are no savings to be made only better use if existing resources."</i></p>
<p>Job cuts (8)</p>	<p><i>"This sounds like you would be putting more people out of jobs and using more volunteers to replace them."</i></p>
<p>Website / phones (5)</p>	<p><i>"Start with your website. It is a mess with lots of misdirects..."</i></p>

7) We are proposing to introduce a charge for disposal of household DIY waste (such as plasterboard, rubble and asbestos) at the Recycling Centre. This would bring Torbay in line with Devon County Council's charges.

This proposal is expected to save £38,000 in 2020/21.

	Number	Percent
I agree with this proposal	376	42.9%
I disagree with this proposal	473	53.9%
No answer	28	3.2%
Total	877	100.0%

7a) If you have any comments on this proposal please tell us.

Theme	Examples of comments
Fly tipping & cost of cleaning up (323)	<p><i>"I believe this will cost the council more (in the long run) in clean up fees than the money saved. It'll result in more fly tipping and illegal burying/tipping of materials."</i></p> <p><i>"If you do this then I hope the money you save goes towards a car for the proposed new environmental enforcement team because there will be a lot of fly tipping. Look at Torquay spotted and start to understand what the real people of the bay are saying"</i></p> <p><i>"There has been a huge increase in fly tipping throughout the country and this will only encourage some people, who currently responsibly take waste to the tip, to dump it because they can't afford to pay..... "</i></p> <p><i>"Again this will increase fly tipping and costs of cleaning it up would become a negative"</i></p> <p><i>"For £38,000 this will probably end up costing the council and residents valuable monies and lead to much higher illegal dumping and fly tipping across the bay on council and private land making the area appear dirty and unappealing...."</i></p> <p><i>"I am concerned this could increase fly-tipping which could result in a higher cost than the proposed savings."</i></p>
Other (65)	<p><i>"I would be in support of a charge if their where measurable improvements in the cleanliness around the bay. ie: rubbish bins overflow on busy days, little on the street, graffiti in places, toilets are disgusting."</i></p> <p><i>"Your trying to save 38k but willing to blow 500k on toilets we don't need"</i></p> <p><i>"Agree, Still think the refuse areas could sustain a recycling shop"</i></p> <p><i>"Would hopefully encourage more recycling."</i></p> <p><i>"Unless can prove on benefits and from own property"</i></p> <p><i>"Councils should be encouraging home improvement not penalising those that do it"</i></p>

Theme	Examples of comments
Encouragement / increase enforcement / monitoring (30)	<p>"I think in order for people to have an incentive to dispose of rubbish correctly, cost should be lowered.....".</p> <p>"..... Why not have a standard entry charge of £2, easy to administrate and police."</p> <p>"But fines for Fly Tipping need to be doubled."</p>
Council tax already covers this / pay enough as it is (28)	<p>"What exactly do I pay Council Tax for? If you try to charge me, I will just dump in outside the town hall"</p> <p>"No, I pay for services and you should honor this, again another stealth tax...."</p>
Charge should be reasonable (21)	<p>"This would be acceptable as long as you dont make it unaffordable for people otherwise there will be a huge increase in fly tipping."</p> <p>"As long as charges are for such "notifiable" waste & not just regular waste. Will undoubtedly lead to more of this waste being put in normal waste wheelie bins."</p>
Hazard / environmental harm (19)	<p>"Difficult one but if people have to pay to disposes of asbestos they may not which is a potential health /environmental hazard"</p> <p>"This will increase fly-tipping to much larger amounts which will then create hazards to the environment and wildlife."</p>
Asbestos (16)	<p>"Asbestos disposal should be provided for, free"</p> <p>"This will generate more fly tipping and the clear up costs will probably excel the savings. This also risks harmful asbestos being 'hidden' in black bags and deposited in the general waste, as will any other chargeable waste."</p>

Over the course of the next year, we will be working with our communities and partners to look at alternative ways to deliver our services, reduce costs and increase income including;

8) Working with partners to find alternative means of funding the illuminations in Torquay and Paignton. Please tell us your thoughts on how this should be progressed (pick one option);

	Number	Percent
The Council should work with partners to share the cost of funding the illuminations	582	66.4%
This is a highly valued service that the Council should continue to fund alone	205	23.4%
The Council should stop funding the illuminations and remove them	61	7.0%
No answer	29	3.3%
Total	877	100.0%

9) Reviewing the amount of subsidies and grants provided to our theatres, Museums and events. Please tell us your thoughts on how this should be progressed (pick one option);

	Number	Percent
The Council should work with partners to share the cost of these services	494	56.3%
These are highly valued services for which the Council should continue to provide subsidies and grants alone	261	29.8%
The Council should stop providing subsidies and grants to these services	93	10.6%
No answer	29	3.3%
Total	877	100.0%

10) Creating a single Community Empowerment Fund which includes all community grants. Please tell us your thoughts on how this should be progressed (pick one option);

	Number	Percent
The Council should create a single Community Empowerment Fund	666	75.9%
The Council should stop providing community grants	147	16.8%
No answer	64	7.3%
Total	877	100.0%

11) Seeking to encourage more recycling and reduce the amount of recyclable waste placed in wheeled bins by moving to a three weekly residual waste collection. This will reduce the amount of waste that goes to the energy from waste plant and therefore reduces the disposal cost.

Town centre areas with black sacks will continue with weekly collections as will all weekly recycling and food waste collection.

	Number	Percent
I agree the Council should move to three weekly wheeled bin collections to encourage recycling and reduce costs	209	23.8%
I don't agree the Council should move to three weekly wheeled bin collections to encourage recycling and reduce costs	653	74.5%
No answer	15	1.7%
Total	877	100.0%

12) Introducing an optional kerbside green waste collection service for which we would charge a fee. Please tell us your thoughts on how this should be progressed

	Number	Percent
The Council should introduce an optional new green waste collection service	493	56.2%
The Council should not introduce an optional new green waste collection service and all residents can continue to take their green waste to the Recycling Centre	353	40.3%
No answer	31	3.5%
Total	877	100.0%

13) We are proposing to undertake a needs assessment so that we can understand what the local community requires from its library services. We will also look to achieve possible savings, whilst ensuring that we still provide a comprehensive and efficient library service.

Please tell us your ideas of how the library service could operate differently in the future.

Theme	Examples of comments
Additional services / facilities (80)	<p><i>"Use the library for evening classes and weekend clubs"</i></p> <p><i>"Job Centres / Council / Housing Librarys need to be under one roof. More like a one stop shop"</i></p> <p><i>"Have a better collection of children's books I was very disappointed with TORQUAY library's children's section when i went with my daughter. Maybe more mobile library services to reach out to the elderly ."</i></p> <p><i>"Give us back the old fashioned libraries but with children's centres"</i></p> <p><i>"Hub for memory cafes, meeting place for elderly, mindfulness sessions etc"</i></p> <p><i>"Look at hiring out unused rooms or areas for meetings, classes etc at a nominal, affordable fee."</i></p>
Fine as it is (57)	<p><i>"The library service is already operating differently and in a new way and should continue to be supported."</i></p> <p><i>"I think that the services which the libraries provide are very comprehensive already."</i></p> <p><i>"The library service operates exceptionally well in Torbay. All libraries appear well used especially Churston. They are all efficient, well run and the staff are professional and very helpful."</i></p> <p><i>"Why does it need to change? Is this just another way to find an excuse for more cost cutting? Experience shows that council needs assessments usually provide a cover for a decision that has already been made...."</i></p> <p><i>"Leave the library alone"</i></p>

<p>Other (51)</p>	<p><i>“Need more knowledge of usage and opening times to make any informed decision. One has to question the need for a library at Churston but not sure what the usage is.”</i></p> <p><i>“Reduce the number of libraries - have one fantastic central one”</i></p> <p><i>“Library services are an important cultural provision.”</i></p> <p><i>“Rubbish and outdated”</i></p> <p><i>“More libraries are needed”</i></p>
<p>Community resource (51)</p>	<p><i>“Libraries need to be hubs for other activities and should be maintained at all cost.”</i></p> <p><i>“Can only speak for Churston library, this is an invaluable community resource, providing courses, information and community projects as well as library services.”</i></p> <p><i>“Libraries are an essential community resource. They should not be cut.”</i></p> <p><i>“Libraries should continue to operate the same free and diverse service they have always provided. I don't think they should ever be privatised or their funding cut. At the core of the value that a library offers, for many people, especially those in transition as well as those in poverty this is a vital service, a lifeline and a way to change their lives for the better.”</i></p> <p><i>“The library service has already been pared to the bone, and any furthercuts will be disastrous. Its many aspects are vital to the proper functioning of a truly civil society and a sense of place.”</i></p>
<p>Don't use them /don't know / no opinion (46)</p>	<p><i>“No opinion. I do not use so unfair to comment. It is however a digital age”</i></p> <p><i>“I dont use the library. Maybe you could advertise what services it provides so more people may use it.”</i></p> <p><i>“Don't need it, the internet is far more powerful and knowledgeable then the library close the you could save ££££££”</i></p> <p><i>“No comment as I prefer to be out on our lovely beaches. I rarely use the library.”</i></p>
<p>Increase charges / donation (23)</p>	<p><i>“I think a charge of £5 per year would be acceptable”</i></p> <p><i>“It shouldn't have to, but if the council are unwilling to help the libraries then maybe books could be donated from end of the line places from book stores or donated from people who have finished with the books at home and no longer have use or space for them”</i></p>
<p>Opening times (20)</p>	<p><i>“Remain open all week and encourage schools to attend.”</i></p> <p><i>“Change opening hours so always one or two open at any one time. Not all four.”</i></p>
<p>Promotion /publicity / advertise (18)</p>	<p><i>“Become more open to going people, actually find out what they want rather than old people deciding for them”</i></p> <p><i>“More people need to be encouraged to join the library's, maybe more reading times...set up by DBS checked volunteers. Get authors in to encourage a wider variety of people into the library.”</i></p>
<p>On-line (16)</p>	<p><i>“Do we really need libraries anymore? We have the internet. Move on.”</i></p> <p><i>“It could be a digital service where the books are ordered online and then the books are collected. Almost like a takeaway....”</i></p>

Volunteers (16)	<p><i>“Encourage more volunteers to assist with running the service, especially assisting with computer access for those who have no other online engagement.”</i></p> <p><i>“Isn’t the library service already run by a charity? Cannot they continue to do this and involve volunteers?”</i></p>
Close / stop providing (12)	<p><i>“Regrettably in this digital age , this is possible a service that could be terminated”</i></p>

14) Council Tax

In 2019/20, Torbay's Council Tax charge (including precepts for Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Service) for an average band D property is £1,801.84 per year. Torbay's Council Tax rate is currently the lowest in Devon e.g. Teignbridge is £1,853.26.

Government allows local authorities to raise basic Council Tax by 1.99% for general expenditure and an additional 2% specifically to fund Adult Social Care. Increases greater than this require a referendum.

It is proposed to increase Council Tax by 1.99% for general expenditure, and 2% specifically for Adult Social Care.

This means a total increase in Council Tax of 3.99% which equates to £1.15 per week (£59.80 per year) for an average band D property.

	Number	Percent
I agree with this proposal	386	44.0%
I disagree with this proposal	471	53.7%
No answer	20	2.3%
Total	877	100.0%

15) Please use the space below to tell us your ideas for savings or income generation and any views you have on the other proposals within the Draft Budget for 2020/2021 which are not highlighted in this questionnaire.

There were 27 themes of comments of which the ten most popular are shown in the table below.

Theme	Examples of comments
<p>Council Tax (76)</p>	<p><i>"That's crafty because if council tax went up by more than 2% for general expenditure then this would have to be approved by Government....."</i></p> <p><i>"Council tax should stay lowest in Devon - we pay more than enough already, and don't get much for it. Stop wasting taxpayers money supporting an airshow which causes enormous and unnecessary noise pollution"</i></p> <p><i>"We are a pro dominantly elderly area with the majority of people on a low income. How are they going to afford this increase. Yes an increase is needed but also consider who will be paying yet again."</i></p> <p><i>"As a retired homeowner who moved into the area 18months ago I find the council tax already at a high level but I appreciate that expenses rise as long as the standards rise in unison too....."</i></p> <p><i>"With the amount of houses being built in Torbay you shouldn't need to increase the rates, or maybe a lot of these new builds are being bought up by councils up country to ease their problems, meaning a lot do not pay full council tax!!!!"</i></p> <p><i>"Agree council tax should increase but I believe a full breakdown of costs should be made available to the public on a monthly basis. This will allow people to see where their money is going."</i></p>
<p>Wages / expenses /Councillors / staff (69)</p>	<p><i>"Cut the pension contributions for council staff let the staff make up shortfall"</i></p> <p><i>"Cut your staffing budget, stop paying staff full pay for being off sick for months. Start paying staff pay rises based on their individual performances. Approximately, 20% of your staff are outstanding, 50% are average and 30% give a below average performance and would not survive in the private sector."</i></p> <p><i>"Having worked in a large government organisation there is inevitably "dead wood" in the organisation. Would it not be prudent to look closer to home to make substantial savings."</i></p> <p><i>"Pay cuts and no bonuses for those at the top"</i></p> <p><i>"Stop paying counsellors and make it a simply volunteer role that way we might get people who actually care about the bay."</i></p> <p><i>"Sack councillor s mayor there wages would go along why to help they are only a waste of resources."</i></p>
<p>Refuse and recycling / litter (61)</p>	<p><i>"Regarding bins, where I have lived previously have provided a wheelie bin for recycling waste as well as residual waste. The increased space made recycling more accessible as could fit larger items such as cardboard boxes and was safer from seagulls, wind etc. During summer months fortnightly general waste collection became an issue with maggots, smell etc, particularly when scheduled collections</i></p>

Theme	Examples of comments
	<p><i>were not made. Three weekly collections would not be feasible, would risk overflowing bins, fly tipping, poor sanitary conditions."</i></p> <p><i>"dry recycle items only need to be collected once every two weeks rather than weekly. the wheeled grey collection should remain as present."</i></p> <p><i>"Waste bins and bin collection. Solar crushing bins would require much less emptying and in the long term be more cost effective. These would be particularly useful in high demand areas such as sea fronts. If more waste was recyclable then the 3 week bin proposal would work, black plastic is a good example."</i></p> <p><i>"Maybe the rubbish collection would be better if it was actually collected properly in the first place"</i></p> <p><i>"Litter enforcement fines"</i></p> <p><i>"Get people to volunteer and large groups to recycle rubbish."</i></p>
<p>Other (56)</p>	<p><i>"Open a social enterprise cafe that allows people with a learning or physical disability to learn, earn and gain skills. Plough profits back into the community. Encourage small businesses to open up in empty premises in the high street by offering 'start up' business rates."</i></p> <p><i>"Take a week soon where every council member goes to another town which is successful. Look at what type of shops are there . Look at how the town remains busy over the weekend . Draw in the big names . Offer big names trial periods in empty shops . Give them a year reduced rent . The bigger the name the more visitors . Set up volunteer groups for cleaning and painting up the town . So much can be done . All the penny pinching kills towns. Give a lot this year and reap rewards next year ."</i></p> <p><i>"Tax budget hotels more"</i></p> <p><i>"This should be about justifiable needs, not a race to the top of the league table."</i></p> <p><i>"I think it is a real problem ,but it is really difficult when you have worked hard to save for your retirement ,you cannot improve your pension and everything goes up all of the time .I do not have the answer."</i></p>
<p>Parking (34)</p>	<p><i>"Free parking on a Sunday, to bring more money into the area and help the shops who are really struggling to keep open."</i></p> <p><i>"Make more use of parking attendants especially in Wellswood where people regularly park on zigzags, pavements and no loading areas."</i></p> <p><i>"improve the appeal of the bay to tourists, without charging them more to come. reduce parking charges- e.g 1st hour free, to encourage shopping in towns. this will help to stop their decline. More shoppers = more money. More footfall =less antisocial crime because the areas will stop being 'no go' areas...."</i></p>
<p>Spend wisely / improve services (32)</p>	<p><i>"Reduce salaries of bureaucrats and fund social care properly. Avoid wasting money on so called expert opinion and do the job the council is paid for."</i></p> <p><i>"This seems fair. As long as the money isn't inefficiently used."</i></p> <p><i>"A lot more needs to be done to stop climate change. Operational savings should be made by reducing waste and cutting unnecessary expenses."</i></p>

Theme	Examples of comments
Social Care / health (28)	<p><i>"Adult social care is a never ending budget - there will never be enough so can't agree to more money going to it...."</i></p> <p><i>"If the increase goes ahead then the expenditure for adult social care should be published as to where the additional money is being spent and how the service has improved????"</i></p> <p><i>"There should be an insurance to provide care for the elderly so everybody can access it free should they need it. There should be no need for means testing! Social Care Insurance should take the sting out of old age."</i></p>
Financial struggle / deprivation (24)	<p><i>"I am on a low income being self employed I fail to get any benefits. I already pay more than my neighbours whom are on a lower band in a bigger house. So I do not want an increase."</i></p> <p><i>"Many low earners already pay too much council tax. I cannot afford to pay £60 p.a. more. Please find another way to deliver services."</i></p>
Tourism (23)	<p><i>"Improve the appeal of the bay to tourists, without charging them more to come. reduce parking charges- e.g 1st hour free, to encourage shopping in towns. this will help to stop their decline. More shoppers = more money. More footfall =less antisocial crime because the areas will stop being 'no go' areas. have reduced prepaid toilet cards, that can be topped up, for residents/holiday makers, without a time limit on use e.g 20p to pee."</i></p> <p><i>"Could a tourist 'tax' be introduced to offset some of the costs that residents have to bear? I don't know if it would impact tourism but I have been abroad and paid something similar and it has not put me off or changed my attitude towards the resort. Venice charges adults per day up to a maximum of, I think, 5 days. It's a few euros a day and is reasonable. I think in today's world people will be happy to contribute to the upkeep of places they visit, it's a responsible thing to do."</i></p>
Contracts and grants (21)	<p><i>"Improve communications and oversight of activities undertaken within the Council to eradicate duplication of effort and wasted resource. Improve contract management functions to ensure tight control on performance and spend. Operate more like a business."</i></p> <p><i>"Stop sub contracting work out,do it in house like you used to,i.e tor 2"</i></p>

4. Respondent Profile

16) Which of the following best describes how you think of yourself?

	Number	Percent
Male	324	36.9%
Female	504	57.5%
Other	>5	~
Prefer not to say	34	3.9%
No answer	14	1.6%
Total	877	100.0%

17) Which of the following age groups applies to you?

	Number	Percent
0 – 15	0	0.0%
16 – 24	22	2.5%
25 – 34	123	14.0%
35 – 44	145	16.5%
45 – 54	176	20.1%
55 – 64	193	22.0%
65 – 74	158	18.0%
75+	38	4.3%
No answer	22	2.5%
Total	877	100.0%

18) Please enter your postcode:

	Number	Percent
TQ1 (Torquay)	108	12.3%
TQ2 (Torquay)	104	11.9%
TQ3 (Preston/Paignton)	206	23.5%
TQ4 (Paignton)	167	19.0%
TQ5 (Brixham)	195	22.2%
Other areas	>5	~
No answer	94	10.7%
Total	877	100.0%

19) Do you consider yourself to be disabled in any way?

	Number	Percent
Yes	114	13.0%
No	732	83.5%
No answer	31	3.5%
Total	877	100.0%

19a) Please tell us how your disability affects you.

(Respondents were able to select more than one option).

	Number
It affects my mobility	62
It affects my vision	10
It affects my hearing	11
It affects me in another way	157

20) How would you describe your ethnic origin?

	Number	Percent
White	706	80.5%
Mixed ethnicity	10	1.1%
Asian or Asian British	>5	~
Black or Black British	>5	~
Chinese	>5	~
Other	15	1.7%
No answer	142	16.2%
Total	877	100.0%

5. Appendix 1: Written Representations

I really must protest at the ridiculous idea of cutting back yet again on the planting around Torbay. The lack of planting last year in the Italian gardens was a disaster and was pointed out to ***** by tourists and Britain in Bloom judges.

Babbacombe Downs, my own area, has already lost two flower beds and those that remain and the areas with sustainable planting are neglected and ill kept. The last phrase of the revamp was never completed, although the money had been set aside. The contractors are not doing the work they are being paid to do. There is still a broken wall outside the Theatre. The few remaining lights along the Downs are damaged. The flags are in tatters and why have so many flag poles been removed? Babbacombe Downs has always had a dozen flag poles all with union flags flown from Easter to Remembrance Day.

Babbacombe Downs is one of the highest seaside promenades in the British Isles, it is something to be proud of and should be kept up to scratch. It has become a no go area after dusk because so many of the lights have been removed, leaving drug dealers and takers to congregate in the darkness and many dog owners to leave their dogs to run free and poo everywhere.

Where is the logic of passing planning applications for five star hotels when the guests will be unable to leave the premises due to the third world footpaths and roads and empty flower beds, along with no lighting at night. They will not return in a hurry.

I understand the council intend to close both Preston South and North Beach male and female toilets and replace them with four unisex cubicles. This proposal is simply ridiculous. During the height of the summer both Preston North and South are well used and the minimum replacement for the loss of these amenities must be separate toilets for males and females with at least four cubicles in each. In short the proposal for such a small toilet unit to replace the ones you intend to close is completely unacceptable. Please reconsider.

Response to Torbay's Budget Proposal

Suggestions;

- TCCT
- Remove the additional £20,000 proposed addition to their management charge.
- The TCCT are not farmers so get rid of the whole of the farming operation and the associated staff. Have sufficient Rangers to visit the areas within the TCCT once a week/fortnight and rent out the land to local farmers with the requirement; they must look after the land maintaining the hedges, buildings, gates fences etc to a laid down standard, maintain the rights of way and countryside signs etc.
- This will drastically reduce the cost of this operation and need far less oversight and provide better countryside amenities to locals and visitors alike.

Re examine the whole operation of the company trading as the TDA. Whilst this might be a wholly owned company of Torbay Council it is no longer controlled by the Council or the Councillors and in some peoples view a complete maverick a case of the tail wagging the dog.

All requirements for outside services automatically are offered first to the TDA without gaining alternative competitive quotes. Any profits made by the TDA remain with the TDA thus the residents are not getting value for money and have lost oversight and control of their assets.

- Words come cheap and can seem hypocritical; the Council assert that they want to do all they can to deal with the global warming crisis yet their housing policy seeks to steam roller open landscape and demolish countless numbers of trees in order to lay down fresh layers of concrete. Might I suggest that they redevelop the current built environment thus improving the built environment and saving money. For example, the council offices no longer needed in Paignton, seeing how they want to make best use of the Council property, arrange for this to be converted into affordable housing?
- * The proposal to no longer advertise planning applications as in the past to save money has its pitfalls so I would suggest that the applicant submitting a planning application should be required to pay for the cost of advertising and administering responses to the planning application.
- * Too many people have removed trees without consent, up until now they have on occasions only been fined a nominal amount and no further request made of them. To act as a better deterrent I would suggest the cost is considerably increased plus the trees must be reinstated in the same position at the person's own cost. At present developers and some home owners consider that the minimal charge is a worthwhile expense to achieve their objective.
- * The use of caravans to achieve a way around planning permission converting agricultural land to residential. The cost of issuing an enforcement notice and any further costs incurred in dealing with the situation should be charged to the land owner. Where the land owner cannot pay by any other means then the land should be taken in lieu of non-payment. The land would then be sold to repay the Council.
- * Torbay has numerous very large vessels anchoring within its sheltered waters, if legal then a charge should be levied on a sliding scale for those anchored up to 3 miles off shore, up to 5 miles off shore and those up to the 12-mile limit. Cruise ships would also be charged but Torbay Council would need to enhance the cruise passengers experience of coming ashore in Torbay. Monies collected from such charges could be used to build out a deep-water arm and facilities for cruise ships thus enabling passengers to disembark straight onto dry land. This would increase this source of revenue.
- * Home owners and boat owners offering accommodation should be required to register with the Council and then pay an annual fee. They would also be required to ensure their accommodation met with the same safety standards as guest houses etc.

Querying assertions made in the report;

- Poverty is given as a key reason for children being taken into care. Having spoken to a solicitor that used to deal with children being taken into care and others involved in family courts this was not the primary reason. With all the allowances and benefits etc offered to families etc then poverty should be very low on the agenda, keeping a family together wherever possible is far more important and far less expensive. More common I understand

than poverty is the inability of parents to look after their children, in such cases training and guidance may be a less expensive way forward.

- Where children have to be taken from parents with a drug or drink problem underlines the fact that many such individuals are spending hundreds of pounds on their habit so only poor through self imposed poverty.
- For the Council to be contemplating that children taken into care or needing special protection for years ahead in ever increasing numbers points to the fact that the Council have not identified the problems giving rise to the situation and then having a strategy to reduce the demand for children's services.
- The Council should realise that one draw for "poorer" people is the lower rents in Torbay compared with many of the surrounding areas and that increasing the number of properties with affordable rents will actually increase the problem and do nothing to deal with the areas of severe deprivation .
- Torbay's drug policy has meant that surrounding areas are recommending to their addicts that they should come to Torbay. This as a result has resulted in; more drug pushers coming into Torbay, and Torbay are housing more addicts which will lead to more children needing to be taken into care or put on the risk register.

Question Policy

The proposal to use capital funding and money from 106 agreements in order to maintain the roads is short sighted and not using such funds to improve the environment for longer term gain is not a sound way forward. Maintaining roads is an ongoing management cost. It should also be born in mind that it is often water bubbling up from beneath the surface that cause pot holes and the degradation of the road surface; this in turn is often the result of the removal of trees and the natural environment and replacing it with concrete, this is a direct result of the planning permission being granted for developments being allowed in the wrong places.

- The Councils desire to become the UK's premier tourist Resort; this again goes against a better mix of economy which they should be striving for i.e. Tourist industry predominantly pays low wages; they should be looking to become one of the countries major location for high Tec industries and lessen the weight given to tourism.
- The mix of ideas seem to conflict at every turn; they want to establish an environmental operation that will incur extra cost due to the need for additional staff, the aim is to improve the environment for tourists , yet their policy of increasing costs for disposing of rubbish at the same time as reducing the number of collections in my view is in direct opposition to the aims of this new operation.
- The increase of parking charges is known to have a direct impact on those retailers and restaurant owners struggling to survive in our towns. If this drives more pensionable aged people to use the buses then this will add to the subsidy costs the Council have to pay the bus companies.
- It may make more sense to provide residents of Torbay with a badge that they can put in their car allowing them to pay one rate for parking whilst visitors pay the higher charge. Seeing that according to the figures provided by the Council the average income of residents of Torbay are much lower than those from other areas then such a move would make it more equitable.

* Is the Council losing sight of why tourists come to Torbay? Part of the attraction to visitors past and present is to come to the sea side and enjoy the country side not visit a metropolis. Therefore,

their environmental policy should be directed into protecting large areas of Countryside whether in private hands or owned by the Council. Torbay is seen by many as being only suitable for the stag and hen party scene and the drive should be to raise the quality of visitors by emphasising the natural beauty, the stunning scenery and the places of special historic interest etc in Torbay. Tourists can visit any large town or city to look at the urban environment. This can be achieved by ensuring developments are within the existing dense built environment. The normal argument is that developers do not want the aggravation

Good afternoon to you , I have lived in Torbay for 28 years and happily raised our family here while seeing many changes to the areas both good and bad , please do not reduce the toilets and bins , we need more , not less, also during the winter months we have reduced bins and reduced toilet access , why is this ?! Even some toilets once available for using a radar key to have immediate access to toilets for medical reasons is not accessible now due to number codes in place or being padlocked.

I personally suffer a medical condition requiring this service and would think twice about visiting here because of the situation I've come across regarding radar key inaccess.

On a different subject, One point I would like to make is , I feel it would be a fantastic opportunity for the council to make money on the empty go kart site at quay west , the area is perfect for an indoor dog agility facility and pool pawrty for humans and their 4 legged friends to enjoy , All the holiday parks around this area now welcome dogs but offer no facilities for them , we are so limited with where we can use , I have been attending dog agility for many years but the local facility is outdoors and weather dependant , my agility provider is a superb professional of the canine world , she would run this facility to be the crown of the South West , also there is nowhere locally for fun safe swimming with your dog except for the one day a year offered at Shoalstone pool which always has a great turnout and is a good local fundraiser , the only other option being the sea which is not suitable for everyone , Goodrington beach today was like a day out at Crufts as it is many a day even in the quiet season , we all know the high st is changing , people are shopping online and using their free time to enjoy hobbies and make lifestyle changes , the caravan parks offer facilities for humans but nothing for their beloved pets , PLEASE consider this as a possibility , I'd use it all year round , as I'm sure many local fellow dog walkers and visiting holiday makers would too ,

I write to you in order to register my objection to the latest proposal to site 4 unisex toilets bang smack in the middle of the beach huts on Preston seafront and close the well used existing toilets. Why?

Why spend £500k on 4 new toilets when the existing loos (22 cubicles + 12 urinals) are well used and perfectly adequate (some new soap dispensers and hand dryers are needed).

I am a beach hut owner and I know the community well, I can tell you this is seen as totally unnecessary and wholly inadequate, and in terms of improving the area for visitors a step backwards.

At this late stage I hope pressure can be applied in the right area to reverse this wasteful use of our money.

Charges for Household DIY: Good idea. Fully supported by me.

PRESTON BEACH TOILETS

1/ Charging for toilets.

I and my wife, like so many people in Preston, are elderly and in common with many older people with various ailments have to use the toilets frequently. In fact it is not unusual for one or other of us to use the toilet 3 or 4 times in a one or two hour period. Are we really expected to pay to use the toilet every time we go on our daily walk or sit along the sea front? As a Torbay Council tax payer we would not expect to pay anything for this basic human need.

We would also like to quote an extract from an article in 'The Independent' in 2015 by an author who describes the situation far more eloquently than we are capable of:

"For many people, disappearing public toilets, and the fact that many of the remaining ones charge, is a massive problem. Small children don't grasp the small biological cues that tell them to pop to the loo before it's urgent, older people and pregnant women don't have the luxury of a stoic bladder, and disability can wreak havoc on your digestive system. Until you're not in perfect health, it's difficult to imagine the mental energy expended on assessing whether or not finding a toilet in the next two minutes will result in an excruciatingly embarrassing public accident that is out of your control".

The other thing I would add to this is the increased likelihood of public urination. Charging for use of toilets is not popular and some people who do not have loose change or would prefer to not pay will in some cases do it publically (we have seen it elsewhere in Paignton).

2/ Inadequate facilities.

The proposal is for 4 toilets.

This is woefully inadequate. Hundreds of people use the beach on a summer's day. There would be queues and as stated previously we sometimes need to use a toilet at a moments notice. What are we supposed to do? In fact I think I can answer that – we simply don't go out if there is risk of a queue! If the council puts us and others in this situation it would be shameful.

3/ Beach huts.

Beach hut owners pay a lot for use of their beach huts. It seems unreasonable that they are also expected to pay for toilet facilities. This payment would of course be in addition to the newly introduced parking charges.

Elderly people with walking problems who have beach huts on Marine Parade will have considerably further to walk.

Some beach huts will be directly facing the proposed toilet block. Hardly an improvement on the view for them.

4/ Unisex toilets.

We fortunately haven't had much experience of unisex loos but I do know when I had to use one in Market Street, Torquay it was filthy with puddles of water (urine?), excrement etc. Others with more experience of this type of toilet will be able to advise if this is general with unisex toilets.

5/ Solution

Simply leave the toilets as they are. They are free, well kept and capable of serving large summer crowds.

I am writing to express my disgust at the possible closure of more public conveniences in Torbay and at the introduction of charges at others. Are the council deliberately trying to deter visitors and locals. The conveniences are a necessary social amenity and should be free.

We have a beach hut at Preston Sands. The charges for the site go up annually, parking charges are being introduced and now toilet charges. I am sure these published convenience charges will lead to anti social both behind beach huts and in the sea.

My son and family from Exeter often use our beach hut , at least twice a week in the summer, and spend on average some £60 per visit (ice creams, drinks and a snack at the Boathouse) and in addition use the shops in Preston. With the parking charges and now public conveniences charges , they have said they will use East Devon beaches instead.

East Devon provides numerous free public conveniences not only in places like Exmouth, Sidmouth And Seaton but also in small villages like East Budleigh and Newton Poppleford . Their car parking charges are lower and numerous car parks in East Devon are free.

I know the council has to balance a budget but the closure of public conveniences and the introduction of more charges is not the right way.

I read with dismay of the plan to close the two existing toilet blocks at each end of Preston beach, and replace them with a new block of four unisex urinals in the centre of Preston green.

Has the council really thought this through? The two existing blocks, in my experience as a local resident, are well maintained and well used. What will happen to them after closure? Will they just be left to rot and attract vandals like so many other neglected buildings in the bay?

Four urinals to serve the whole of Preston beach will be woefully inadequate, particularly during the spring and summer. What about the Airshow weekend? And to put them in the middle of the green will detract from the overall ambience of the green, much like the eyesore block recently installed at Goodrington. What a welcome that is as visitors approach Goodrington beach!

Your council seems to be on a mission to punish the local residents, and deter visitors rather than enhance their lives. The recent short sighted decision to instigate parking charges on Marine Drive is another example.

I urge the council to think again on this proposal.

Following the recent publication of the above consultation paper, I take this opportunity on behalf of the Friends of Brixham Library to respond to question 13 relating to the future provision of library services in Torbay.

Introduction

Recent successive governments have pursued a policy of austerity and year on year all local authorities have as a result seen their overall budgets consistently reduced by ever increasing amounts. This can be seen right across the bay but no more so than its library service. From staffing to infrastructure, from the resources fund to service provision, no area has been unturned in the council's bid to reduce its expenditure. Unlike the larger departments of Education, Adult & Children's Services. When savings have been made, they have saved relatively small amounts of money. Yet the provision of a library service is a statutory duty on the part of the local authority as required by law and to this end it should stand equally along-side these bigger departmental commitments when future resources are being allocated.

Current Position

On 1 April 2018 libraries in Torbay were contracted out to Libraries Unlimited (LU), a non-for profit making charitable trust that manages the library service through-out the rest of Devon. This was an attempt by the authority to ensure the future continuity of the library service in Torbay. Like Devon, Torbay Council pays an annual premium and any remaining gaps in funding LUN must then try and make up from other funding sources. As LU lies outside traditional local government, it is in a position to apply for funding that the local authority is unable to do so.

We are aware that changes in staffing now mean the benefits of scale with the four libraries being part of a larger organisation have now been realised e.g. integrating staff into the Devon stock team etc.

Case for investment

In a recent report 'Public Libraries: The Case for Support' www.librariesdeliver.uk/report published jointly by The Big Issue; CILIP: The Library & Information Association and Overdrive, the case has been made that now is not the time to continue to reduce spending on our libraries but in fact the reverse. Having read the report, I can only implore you to do the same as 'For the first time, this report brings together compelling evidence of the transformative impact of public library services for people, for communities for the cultural, creative and intellectual life of our nation'.

Brixham Library

Last year considerable investment was made though the spending of section 106 funding allocated to Brixham Library to enable its partial refurbishment. The present building was opened in 1993 and had seen no major works on the building over the last 27 years. Built by Devon County Council, this build was to a very high standard and has stood the ravages of time despite the minimal maintenance that has taken place in recent years.

For over ten years now Brixham Library has benefitted from the support of The Friends of Brixham Library (FoBL) who have raised funds through events and activities to support the library as a whole. Whether it be though the purchase of materials for children's activities; sponsoring children's events or the provision of prizes FoBL has been a positive force for good enabling events and activities to take place for children and young people. The Friends actively promote the library by encouraging the community to support the

exceptionally popularly monthly coffee mornings, this not only raises funds but raises the profile of other fund-raising events. Furthermore, FoBL has provided essential equipment and furniture to replace broken and redundant pieces of that Torbay Council was unable to finance. As part of the refurbishment, FoBL made a contribution of £5,000 towards the refurbishment of the meetings room.

However, the climate of austerity has not been a friend of Brixham Library. With reductions in opening hours over many years by Torbay Council a whole generation has been alienated from using its services. If you work, then it is unlikely you will be free to use the library during the day and there are no longer any hours when the library is open during the evening.

Car Parking: Torbay Councils policy on car parking has had a detrimental effect on the use of Brixham Library. Unlike other parts of the bay there is very little free on-street parking in the evenings so that even if library users wanted to park for free and visit the library they cannot do so.

Brixham Library is a unique building in Brixham in that it is a relatively new building and is also a fully accessible building. As such it is a gem in the Torbay Council building portfolio and yet at no time in recent has the council made any attempt to ensure that it is used to its full potential. Surely, all Torbay Councillors and Officers alike have a duty to see that this building is being used to its full capacity?

Brixham Library is in an ideal situation to be promoted as a community hub, with its central location, proximity to bus stops and car parks. It is a safe welcoming space for all ages which for much of the time is underutilised. To change this surely there is a case to be made for an increase in the grant to LU rather than a reduction.

Brixham Library is one of the few public places that is free at the point of access to all users. Furthermore, as a library service its provision is unique in the sense that it really does provide something for everyone, whether it be young babies or toddlers through children and young people to the all people in their later years. As an open space its value to the unemployed; the lonely and socially isolated; young parents on low incomes or the older person that finds a library a welcoming place, none of these things can be accounted for in financial terms yet their value to those affected is huge.

Conclusions

I would urge the Cabinet to think very seriously about maintaining the existing library budget in future years. The Council may need to make £10.5 million of savings, efficiencies and income to balance the budget in 2020/21 but taking much needed resources from its library service is not the answer. The Friends of Brixham Library would be happy to work with members and officers to achieve these ends.

The Friends of Brixham Library

Ref - Your DRAFT Budget 2020/21 Consultation
As a Council Tax | Resident - from July 2017 -
I have found the Local Library - Paignton -
to be of particular Interest

So my Suggestion - in answer to Q(13) - LIBRARY
Services - are as follows -

The space - in Each Local Library - in Torbay -
could - (if LARGE Enough) accommodate AN ASSEMBLY
of Residents - who pay Council Tax - over 55 years -

- The Assembly - Headed By a Council Rep - plus
Councillor (x1) Police Rep (x1) Fire Brigade Rep (x1)
Health + Social Care Rep (x1) - In fact - all Service
providers - making up - (4 OR 5) Reps in total -
at Each Assembly - to give Information /
up to Date - and invite Assembled Residents
to ASK their Questions - On Relevant Issues

- The ASSEMBLY - held Each Quarter / 3 monthly
- with a Reminder of the next Date / Time -
- to be sent - in the post - in advance - to
Each / Registered / member / Council Tax / Resident

- For Example - Paignton Library have some
large Spaces | Toilet Facilities | Accessibility
and Rooms - to accommodate / AN Assembly
I have attended - A Reading Group + 'A
TALK ON - AGATHA CHRISTIE - TEA + Coffee
Facilities are available

The Assembly - is free of Charge - also my next Suggestion -

- It is necessary for Each person to Register their Contact Details - Residential (Name + Address + Council Tax (Number) to become ELEGIBLE - and Be over 55 years of age -

- Any younger - than 55 years - will Require (Time off WORK) (CHILD CARE) ETC / Domestic Duties So 55 years and over - is my suggestion -

- The LIBRARIES could take on the Role of Registering each person | free of charge | as the LIBRARY STAFF HAVE THE COMPUTERS - to complete Registering (ID) Only Council Tax | Residents (accepted). over 55's.

- The LIBRARIES received 175,000 Copies of THE MATURE TIMES - EVERY MONTH - ISSUE (NO) 137 (January 2020) EVERY LIBRARY receives a Batch - Each month free - of - Charge - IN TORBAY - DEVON?

- My Suggestion - FOR TORBAY Council To use THIS PAPER - THE MATURE TIMES - TO CONVEY THE Suggestion - THAT LIBRARIES ARE TO BECOME THE SPACE - WHERE THE Residents Assembly - meet with the TORBAY Council - SERVICE PROVIDERS - Each quarter - So that Effective Services | open and transparent | safeguard our Communities FOR future Generations - Title | suggestion NO-EMPTY-SPACES - 2020 - TO ASSEMBLY →

My next Suggestion is - ASSEMBLY OF STAFF

- The Draft Budget and the Council STAFF -
- The Leader of the Council - which I was a paid member of Staff - organized an Assembly of the STAFF - who - after an Introduction -
- the staff could ask Question - ()

7

- I asked the Leader | a Question about Council Tax - £1,740 per month | Family Home - I was aware of the growing number of people coming to work and study | university | in the Borough and - what I was paying for - with Rise in the Councils | population | NOT PAYING Council TAX | non Resident + Students and Employees +

- So I was told | in answer to my Question

- I was getting ~~Free Car~~ REDUCED Cost of CAR PARKING (20p or 30p - per Hour)

- A (staff) from outside of the Borough asked why was she not getting the same reduced car parking and was TOLD -

- Well - If I went to the Borough she lived in - I would NOT Get Reduced CAR PARKING for (20p or 30p) PER Hour although she worked Hard - in one Borough - she paid Council Tax - in her | other | Borough - I am now Retired -

I am writing to object to the proposed increase in licensing fees.

I feel that in Torbay we are struggling to attract new drivers to the trade and I believe that the proposed increase in fees will be detrimental to the acquisition of new drivers and will also be a factor in older drivers taking early retirement, we already experience this with the existing charges. There is already a substantial cost to becoming a taxi driver and increased fees do not help. I understand that Torbay Council is under considerable financial pressure, but I do feel that any shortfalls should not be attempted to be raised through licensing fees, if that is indeed what is happening? I also wonder why there is a need for an increase due to the change from a yearly driver licence to a 3 year licence which surely must have reduced administrative costs, also the move to online applications, again that should have reduced your costs. There are also 2 fewer licensing officers since ***** left, again this must have reduced the running costs?

The costs to become a PH driver are currently as follows:

1. DBS £67.80
2. Group 2 Medical £90.00
3. DSA test £125.00
4. Knowledge test £35.00
5. 3 year drivers badge £323.00
6. Vehicle Licence £244.00
7. Operator Licence £67.00
8. Disability Awareness course £75.00 ? as yet unknown this is an estimate
9. Vehicle Compliance test £ 75.00 ? as yet unknown this is an estimate
10. Insurance for a new to trade driver £2500 approx

Total: £3,601.80

As you can see the cost to become a driver are very expensive.

6. Appendix 2: Event Report TCDT



'That was very constructive – I think'

**The report of the Engagement Meeting
held by the Torbay Community Development Trust
on Torbay Council's
Community and Corporate Plan, 2020-2021 Budget and Housing Strategy
Thursday 23rd January 2020**

1. Introduction

The Torbay Community Development Trust (TCDT) convened a meeting of interested groups and residents on 23rd January 2020 as part of the Council's Consultation period for their Community and Corporate Plan, 2020-2021 Budget and Housing Strategy. Cllrs S. Darling, Cowell and Long were in attendance. There were 40 participants drawn from the TCDT network, including members of the formal voluntary sector, Community Partnership network and Torbay Over Fifties Assembly (TOFA).

The invited Cllrs provided some context to the Plan, Budget and Housing Strategy and discussions took place on themed tables. This followed the main prompts developed by the Council for their online consultations, namely:

- In the draft Community and Corporate Plan:
 - Have they got their ambition, their visions and the priority areas right?
 - Which aspects of the Plan are most important to you?
 - How can they work together with the community to turn the Plan into actions?
- In the proposed budget:
 - Do you agree with the proposals that they are putting forward?
 - How can they work with their communities and partners to find alternative solutions to keep valued services in place if at all possible?
- In the draft Housing Strategy:
 - Have the right strengths, issues and opportunities been identified?
 - Have they got the right objective and priorities?
 - What specific actions do they and their partners need to take to deliver our priorities?

Inevitably participants took the opportunity to raise issues through the discussion in the order that made sense to them.

Each participant had a copy of the summary paper prepared for the 'Cabinet Conversation', the relevant documentation was on each table and paper copies of the Budget Consultation questionnaire were available. There were also themed boards around the room for people to 'park' issues that they might not have had a chance to raise at the tables.

The main discussion points follow in the summary below. The verbatim notes from each table are attached as an appendix.

2. Summary

The main areas that attracted comment were the place-based services of the Council, transport, housing, town centre regeneration and working with the community.

2.1 Key messages on place-based services

- Voluntary groups could help with likes of grounds maintenance, gardening – could become opportunities to help people with the likes of learning disabilities, mental health problems (used to have services like Pluss – withdrew due to redundancies)
- Missed opportunity – probation services could do work for Council – clear pathways, significant savings, meaningful work. Community groups engage more with pay back
- Older people are an amazing resource in Torbay. Large proportion of ageing people. Start to target wider age groups – connect intergenerational. Joined up thinking is what is required. Bring teenagers together with older people and get motivated – you have something there! Give people a purpose.
- Sport, greenspaces = health and wellbeing – invest in young people.
- Enabling Council – a great idea. Insurance aspect is a hurdle. If council could cover people's insurance, then provides a way for groups to contribute without risk.
- Do something really good with the £200,000 – make sure it counts? Use as one fund or use as seed funding? The challenge is the culture in the Council needs to change to a 'can do attitude' There is so much enthusiasm in the community – but takes a lot of energy to get things moving.
- Young people still have problems over holidays – Summer scheme – Youth Genesis. Not large pots of many – invest and save.
- General lack of enthusiasm for the name Swissco!
- Solar powered bins could save Torbay money – trial in Brixham suggested savings of quarter of costs, was oversold by company, still a good idea?
- Bigger bins needed for large households and flats – pigeons and rats attracted as pests.
- Mixed comments re plans for toilets – appreciation for £500,000 investment, but some key toilet blocks currently closed eg Lymington Rd, Cary Park.
- Criticism of privatising services, where only the profitable ones survive 'v' council's ability to operate services efficiently.
- Oldway Mansion concerns – what's happening with its finances? How can costs of care/maintenance be raised/reduced?
 - Events to fundraise on grounds?
 - Commercial options?

2.2 Key messages on transport

- Transport – inconsiderate parking a result of lack of public transport – namely lack of buses
- Lots of older buses have ended up having to be used – noticeable poor emissions
 - Could central government subsidies help?
 - Services like dial-a-bus or bus equivalent of Uber a potential solution?
 - How do you challenge parking violations effectively? Could cheaper parking help?
- Dilemma of people owning more cars per household – taking up more on-street parking
- Encouraging car-pooling, possibly encourage rise use of electric cars, like Exeter? Idea of transport systems like trams, cable cars
 - How will advances in technology affect future transport?
- Request for Council to lobby Stage Coach for bus services in Brixham. Profitable routes are determining factor for Stage Coach, but they will listen to feedback and recommendations.

2.3 Key messages on high street regeneration

- Improving town centres for tourism/business
 - New hotels raising tourist accommodation standards – need to match with higher quality of tourist attractions/leisure options
 - Council could help with finances re: leisure options
 - Cross-party, long-term aspiration to make Torbay a more appealing successful location could really help get these accomplished
- Accepting changes in shopping habits, such as online shopping, out of town shopping
- High costs for parking & toilets off-putting
- Encourage start-ups, independent businesses can help encourage more people into towns
- Empty shops. Think innovatively – community repair shops, community facilities, entertainment
- Idea of extending shopping hours
- Could shrink town centres, make way for more residential spaces
- Totnes a good example of championing independent businesses, not high street/chain businesses
 - Relevance to arts as well – promote local art/artists
 - Parking costs could deter business/funding – where does the council source funding after central gov. cuts?
- Towns can be a challenging place for people with mobility issues to navigate
- St. Marychurch (Torquay) and Brixham positive examples of embracing local businesses, attractive high streets
- Paignton regarded as most in need of attention/regeneration
- Possible plan for part of Crossways to become residential space – fears that it'll all become flats
- Eyesore sites like Victoria Square – may be up for regeneration
- What about regenerating/emphasis of attention on Winner Street? (Paignton) – could become like Totnes high street, champion local businesses
- Crossways – 6 week survey – inject life into town of Paignton. Affordable housing and dynamics required for inner city regeneration – anti social behaviour a concern for some based on affordable housing. Concerns over affordable housing and the people it attracts and may not provide 'mixed' groups of tenants. Final scheme not resolved. Council – planning needs to get the mix right. Affordability links to travel – ie inner town centre.
- Victoria car park – old part will be demolished, Garfield Road. Block will become residential. More doctors and schools in area – neighbourhood plan requires schools.
- Brixham – need to regenerate inner town.

2.4 Key messages on housing

- Concern for housing areas - too far from towns/amenities
- General support for more affordable housing
- Need for more supported housing for (extra care) older people reducing numbers needing to go into residential care (Torre Marina)
- More accessible (wheelchair) properties not sheltered or assisted
- McCarthy's – Why so many developments allowed?
- Modular housing (Brixham)
- Private rented housing. Older people being evicted as rents too high, or landlords selling properties. Support needed URGENTLY!
- If we are spending thousands on temporary accommodation, why can't we help people afford private rent by helping people with top ups again.
- If people get help paying the extra £100 - £200 month top up instead of £500 - £1000 a month temp accommodation.

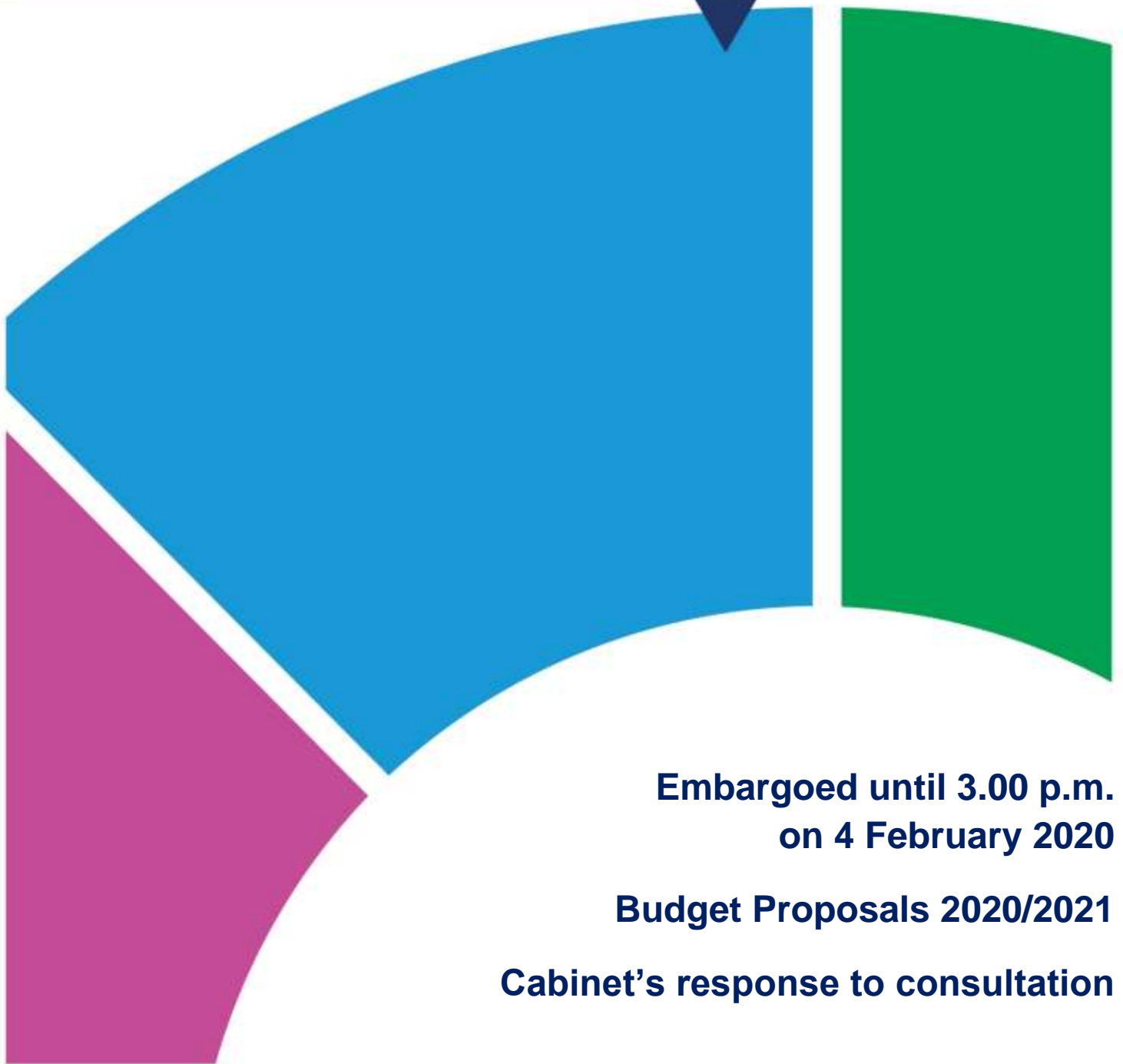
- Employ a council officer do inspect all private rental properties before any housing benefit be paid over. If they do not reach a decent standard – No Benefit. This would force rogue landlords to up their game. This happened in TBC 25 years ago and worked! What about using some of the homelessness monies.
- Need for Council owned housing. Local accountability and income generated stays local
- Community self-build schemes should be considered and supported.
- Concern re conservation areas being built on (St Marychurch)

Conclusion

There was a good deal of discussion in the room and willingness to discuss some of the challenges 'One Torbay' faces. The Councillors were praised for their willingness to participate and talk openly. One participant commented 'It is difficult when we keep coming to meetings to discuss the same things and there is no tangible actions', this points to the need for more communication after the consultation period. One participant concluded on her table...'That was very constructive – I think!'

The TCDT have committed to running a follow-up meeting in March 2020 to explore further how the community can help deliver the Community and Corporate Plan and how their potential contribution can be supported by the Council.

Budget 2020/21



**Embargoed until 3.00 p.m.
on 4 February 2020**

Budget Proposals 2020/2021

Cabinet's response to consultation

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This document can be made available in other languages, on tape, in Braille, large print and in other formats. For more information please contact 01803 207014.

Statement from the Leader and Deputy Leader of the Council

We'd like to start with a big thank you to all the residents, organisations, community groups and partners who took part in the consultation on our proposed budget. We had over 870 responses (a significant increase over the number of responses received in the last two years) which we hope reflects the Council's new approach to consultation and engagement. We'd also like to thank the Overview and Scrutiny Board for their work in scrutinising our proposals and making their recommendations.

We have a statutory duty to balance the books, fund the significant financial pressures within children's social care, and despite the announcements in the Spending Round in September 2019, the Council had identified that £10.5 million of savings, efficiencies and income were needed to balance the budget in 2020/21. As a result of Government austerity, Torbay Council's Revenue Support Grant has been reduced from £42 million in 2013/2014 to an expected £6.5 million next year.

Over that same period of time, the budget for Children's Services has increased from £25 million to a proposed £47 million. In our most recent Ofsted monitoring letter, the financial investment in Children's Services to underpin wholesale change is recognised. As a Partnership, we are totally committed to improving our Children's Services and this is absolutely one of our top priorities going forward.

In terms of the responses to the consultation, there were two areas of the proposed budget which raised the most comments from the public – parking and public toilets.

The £365 annual **car park** permit has been a great success since it was introduced in 2017 but the Council's costs have continued to increase in the three years since it was introduced. We recognise that both the public and the Overview and Scrutiny Board do not agree with the proposal to increase the cost of an annual permit to £430. We are still proposing to increase the cost of the annual permit but to a lower amount – £395 which represents a 2.7% a year since 2017. This means that, with this permit, residents and workers can park in Torbay's car parks for £1.08 per day.

In order to achieve the expected 3% increase in parking income over 2020/2021 there are further modest increases in charges proposed which are set out in the Fees and Charges document.

In respect of **public toilets**, we have listened to the concerns raised by the community and fellow councillors. We are proposing investing a further £100,000 meaning that there will be a total increase in the investment in public toilets of £0.6 million. This additional investment will see a new single pod toilet at Goodrington South alongside the planned investment at Meadfoot, Broadsands, Goodrington North, Abbey Meadows and Preston Bus Shelter. We will also work to find a delivery partner for the facilities at Corbyn Head over the next year.

We recognise that public toilets are highly valued by the community and play a significant role in our tourist offer, but they are a non-statutory service and moving towards a quality pay-per-use system is the only sustainable way to continue to provide this service. We believe that this is the best way in which to ensure that there is sufficient capacity in all major resort areas, offering much improved facilities for both residents and tourists and keeping within the available budget. This investment is on top of the £1 million already committed by the Council to improving toilets across Torbay. Over the last year, six of our new toilets won national Platinum awards and Torbay's toilets are ranked in the top 20 of all facilities in the country.

The Cabinet have also considered carefully the recommendations made by the Overview and Scrutiny Board and made the following changes to the proposals for the Revenue Budget.

When the draft budget was published, it was recognised that the full saving from moving to a trust model to support **UNESCO Geopark** status was not likely to be achieved by 1 April 2020. The Cabinet recognise the concerns of the Overview and Scrutiny Board and, whilst it is felt that moving towards a Trust model remains appropriate so as to provide long term sustainability, it is recognised that it is likely to take at least two years before the Trust is established. Therefore we are withdrawing this budget saving at this time in order to allow the Trust to be established.

The Cabinet understand the concern that it is unrealistic to expect to receive increased revenue from our assets in light of the proposed reduction in the annual management fee paid for **asset management**. We therefore propose that there should be no reduction in the funding for asset management.

The target of achieving additional rental income will remain in the budget as the Council needs to ensure that it is maximising all of its rental opportunities in order to maintain vital services for its residents.

We are also proposing to fully reinstate the previously agreed reduction in the management fee paid to the Torbay Coast and Countryside Trust.

In response to the comment from the Overview and Scrutiny Board on the use of Capital Funding and funds from Section 106 Agreements to support **essential highway repairs**, the Council will continue to have full regard to any specific requirements on individual Section 106 Agreements. However, we must make best use of all available resources and will continue to ensure that highway works are undertaken using the most appropriate funding sources on a case by case basis.

The Overview and Scrutiny Board also made comments about how the proposed budget provides resources to meet the aspirations within the draft Community and Corporate Plan.

The Cabinet has been clear in its aspiration that Torbay should be the **UK's premier resort**. We are also committed to working closely with our partners – in the private, public and voluntary sectors – to deliver this aspiration. Over the coming year, we will continue to work with the BID Company, the Business Forum and wider groups to review how we can continue to move towards this long term vision.

This needs to be balanced with the financial position of both this Council and local government generally. We are continuing to lobby the Government, through our MPs and direct with the Government, for a fairer funding formula, a better share of funding for local government in the spending review and for specific funding for our ambitious programmes around regeneration.

In the meantime, we need to ensure that we maximise the income that we are able to generate in order that we can continue to deliver services which are vital to our communities and visitors and so that we can invest to improve our infrastructure. We will also be allocating £30,000 to support community activities in this area.

We have also identified as one of our visions that we will tackle **climate change** and there is already a range of work across the Council to help meet this goal. It has been pleasing to hear throughout our consultation period that the community shares our commitment to addressing the climate change emergency. We recognise that there is much more to do and we are committed to working together with the community to play Torbay's part in addressing the climate emergency. To do this, we are taking the significant step of providing funding for a full time climate change officer who will be responsible for co-ordinating our approach as a Council and across the wider community.

We are also committed to **improving housing** in Torbay and our priorities around this important issue are set out in our draft Housing Strategy. These range from increasing the supply of housing, ensuring there is appropriate housing for people's needs and improving the quality and sustainability of our housing. Again, we recognise that there is a huge amount of work to do and therefore we are investing in a further post to drive forward delivery of our new Housing Strategy.

Increasing the recycling rates in Torbay has a number of environmental benefits. As we continue to improve how we engage with our communities, a programme of promotion and education to increase our recycling rates will be a priority especially once the services currently provided by TOR2 come under direct Council management, through a wholly owned company of the Council.

We believe that moving to three weekly residual waste collection will assist in increasing recycling (as has been shown in areas such as East Devon, Rochdale and Anglesey where this type of collection has been introduced), will help with our response to the climate change emergency, as well as a reduction in costs for the Council. However to ensure that this works in Torbay, a trial of the three weekly residual waste collection will be undertaken in parts of Torbay in the second half of 2020/21, before it is rolled out across the Bay.

We will be working closely with the community and our partners over the coming year to ensure that we have a clear framework in place to enable community activity and sponsorship opportunities for our flower beds. Again we will be looking to ensure we prioritise those areas which are valuable to our aspiration as the premier tourist resort in the UK.

We are proposing a balanced Revenue Budget of £115.9 million for 2020/2021 which will see us deliver a wide range of services to our residents. The pressures on our budgets will continue but we are committed to working with our communities and partners to find alternative methods of service delivery.



Councillor Steve Darling
Leader of Torbay Council



Councillor Darren Cowell
Deputy Leader and Cabinet Member for
Finance

Introduction

This document and the papers which support it set out the Cabinet's final proposals for the Revenue and Capital Budgets for 2020/2021. It highlights the difficult choices which need to be made.

The Cabinet published its draft budget proposals in December 2019 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. That feedback has been gathered through the questionnaire (which was available online and in hardcopy), from Torbay Council's social media channels (including responses to the Ask Us Facebook Live panel held in early January) and via the Cabinet Conversation. Members of the Cabinet have also attended a range of meetings such as community partnerships and the engagement meeting held by Torbay Community Development Trust.

This report reflects the feedback received and outlines the changes that have been made to the Cabinet's proposals as a result. It also reflects the (provisional) Local Government Funding Settlement which was published in December 2019 and any other service grant allocations announced.

Alongside this document a number of others will be published and will be available on the Council's website (www.torbay.gov.uk/budget-202021) and are listed below:

- **Proposals for Efficiencies, Income Generation and Service Change**
This sets out details of all of the final proposals for service change, income generation and savings in order to produce a balanced budget for 2020/2021. We have included the high level environmental, economic and equality impacts of each proposal which we want to test with you during the consultation period. Where a proposal has been assessed as having a material impact on service users, an **Equalities Impact Assessment** has been prepared and updated to take account of consultation feedback.
- **Torbay Council – Proposed 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.
- **Fees and Charges**
The amount that the Council proposes to charge for its services over the next year.
- **Capital Plan 2020/2021**
This explains which capital schemes the Council plans to fund over the coming year.
- **Reserves**
The current and forecast position on the use of the Council's reserves.

Other documents which will be updated and published on the Council's website will include the Capital Strategy and the Treasury Management Plan.

The Cabinet's final budget proposals will be considered at the Adjourned Meeting of the Council being held on 13 February 2020. If the proposed revenue and capital budget are approved by a majority of councillors 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 approved

objections will be considered by the Cabinet and a response provided to the meeting of the Council on 27 February 2020 when the budget will be decided.

Council Tax levels will be set at the meeting of the Council on 27 February 2020 as the Council has to wait for notifications from the Devon and Somerset Fire and Rescue Authority, the Devon and Cornwall Police and Crime Commissioner 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

Revenue Budget 2020/2021

1. Funding Changes

The budget has been updated as various funding and income streams have been confirmed since the draft proposals were published in December 2019. The changes in funding are set out in Table 1 below:

Description	Increase in Funding £000	Commentary
Sources of Funding	271	Increase as a result of final calculations/allocations in relation to the Council Tax Base, National Non-Domestic Rates, Revenue Support Grant and New Homes Bonus
	271	

2. Service Expenditure Changes

Since the Cabinet's budget proposals were issued in December 2019, the Cabinet 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 Cabinet and is available at www.torbay.gov.uk/scrutiny

The results of the consultation have been included within the relevant Equality Impact Assessment and in the overall report from the consultation exercise. The budget proposals issued in December 2019 have been updated and republished. All of these documents are available at www.torbay.gov.uk/budget-202021

A summary of the 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 Government announcements, 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 Cabinet's proposals with those highlighted indicating the amended or new proposals.

Description	Reduction in Expenditure/ Higher Income £000	Increase in Expenditure/ Lower Income £000	Commentary
Grant notifications	30		Confirmed grant allocations.
Treasury Management	115		Latest forecast of borrowing costs and investment income.
Torbay Coast and Countryside Trust		26	Full reinstatement of previously agreed management fee reduction.
Resort Services		30	Allocation to support community activities in relation to resort services.

Car Parking		30	Reduction in expected income resulting from decreased proposed cost of annual car parking permit.
Climate Change		50	Costs associated with the proposed appointment of a full time climate change officer.
Housing Strategy		40	Costs associated with the proposed appointment of an officer to drive delivery of the Housing Strategy.
Asset Management		100	No reduction in the management fee for asset management.
Contract Management		50	Investment in contract management function so as to drive efficiencies and savings.
Toilets		50	Funding for additional investment and to maintain Corbyn Head toilets whilst an alternative delivery partner can be identified.
UNESCO		40	Saving unlikely to be achieved within 2020/2021.
Sub total	145	416	
Net Change in services		271	

3. Summary Budget Proposals

As a result of the changes to funding and service expenditure detailed in the sections above, the Cabinet's budget proposals for 2020/2021 are as follows:

	£000
Cabinet's Budget Proposals (December 2019) (Funding)	115.6
Funding Changes (from Table 1 above)	0.3
Cabinet's Budget Proposals (February 2020) (Funding)	115.9
Cabinet's Budget Proposals (December 2019) (Net Expenditure)	115.6
Service Expenditure Changes (from Table 2 above)	0.3
Cabinet's Budget Proposals (February 2020) (Net Expenditure)	115.9

4. Revenue Budget 2020/2021

The Council is being asked to approve the Cabinet's proposal for the total net revenue budget for 2020/2021 and the budget that will be required to be funded from Council Tax, as set out in the following table:

	£000
Net Revenue Expenditure	114.5
Adult Social Care (funded from 2% Council Tax)	1.4
Total Net Revenue Expenditure	115.9
Funded by:	
Business Rate Retention Scheme	34.2
Revenue Support Grant	6.5
New Homes Bonus	0.9
Council Tax Requirement (including a 1.99% rise)	71.0
Council Tax Requirement (2% rise for Adult Social Care)	1.4
Collection Fund (Council Tax and NNDR)	1.9
Total Income	115.9

The value of Council Tax resulting from a rise in the Torbay element of the Council Tax of 3.99% is £72.328 million. A 3.99% rise will increase the Band D Council Tax in Torbay by £59.97 (of which the 2% rise for adult social care is £30.06).

When the Council formally sets the Council Tax, the Council's budget has to include the budget for the Brixham Town Council which was confirmed on 16 January 2020. The value of this precept (£335,006, a 10.55% increase) will be included as part of the Torbay Council budget for Council Tax setting purposes.

At this time the Council is awaiting the notifications from the Devon and Somerset Fire and Rescue Authority and the Devon and Cornwall Police and Crime Commissioner as to the value of their precepts.

The Council is also being presented the allocation of the 2020/2021 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 2020/2021, 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			
Children's Services	102.3	(55.3)	47.0
Adult Social Care	54.8	(14.9)	39.9
Public Health	11.7	(1.8)	9.9
Sub-Total – Joint Commissioning Team	168.8	(72.0)	96.8
Joint Operations Team			
Corporate Services	69.2	(60.7)	8.5
Place Services	40.2	(20.0)	20.2
Finance & Central	27.8	(32.3)	(4.5)
Investment Portfolio	10.9	(16.0)	(5.1)
Sub-Total – Joint Operations Team	148.1	(129.0)	19.1
Total	316.9	(201.0)	115.9

Capital Plan 2020/2021

The proposed Capital Plan of £143 million for the next financial year is comprised of schemes which have previously been approved.

Torbay Council's Capital Plan totals £394 million for the four year programme to 31 March 2023 with £125 million scheduled to have been spent in 2019/2020 and £143 million due to be spent in 2020/21.

There is a wide range of schemes and projects expected to be undertaken in 2020/21:

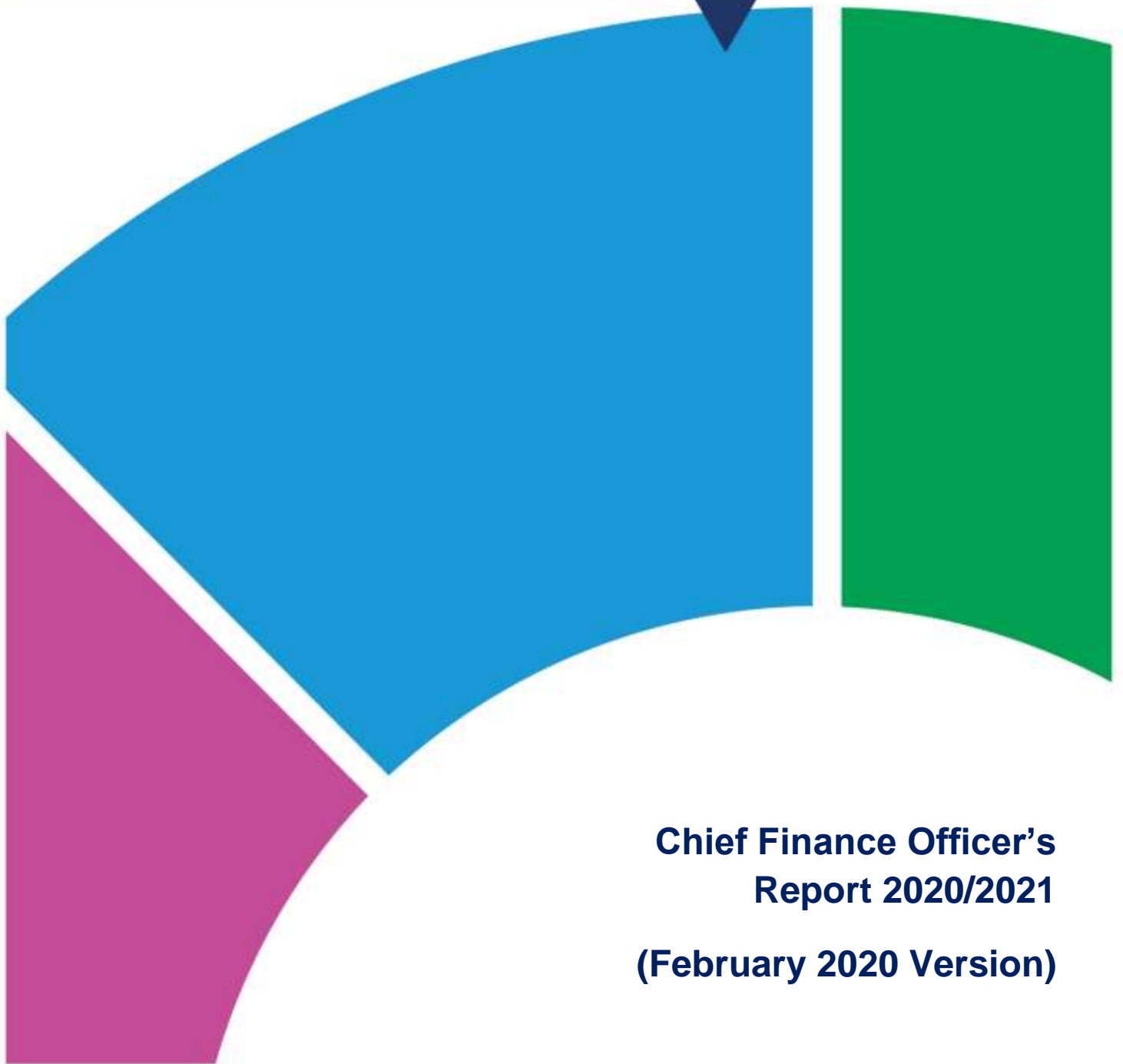
- Investment of £44 million towards supporting thriving people and communities including the development of affordable housing, expansion of pupil places in Paignton and, subject to progress, the redevelopment of Crossways.
- Investment of £30 million to support a thriving economy including Regeneration Fund projects, industrial units at Claylands, the Riviera International Conference Centre and the final payments in relation to South Devon Highway
- Purchasing of commercial properties will continue with £65 million expected to be spent in the next year. The 2020/21 budget estimates a £5.1 million surplus to support council services.

Appendix 1: Summary Budget Proposals 2020/2021

The proposals are for revenue (net) budget reductions from either a reduction in expenditure or an increase in income (marked *). Those shown in **bold italics** have changed since December 2019.

Proposal	Amount £000	Proposal	Amount £000
Thriving People		Tackling Climate Change	
Torre Abbey	30	Change in management of TOR2 services	963
Music Hub	8	Parks, grass cutting and litter/park bins	191
<i>UNESCO Geopark</i>	0	Planting areas	158
Development and Planning Services	40 *	Household DIY waste	38 *
Environmental Enforcement Service	70 *	Council Fit for the Future	
Thriving Economy		Rationalise number of Council buildings	28
<i>Beaches Service</i>	30	Civic Mayor	5
Use of Capital and Section 106 monies for highways repairs	180	Printing of agendas	2
<i>Annual parking permits</i>	-12 *	Redesign of Council operating model	386
<i>Public toilet investment</i>	-50	Full cost recovery for services	50 *
<i>Asset management</i>	0		
Rental income	50 *		

Budget 2020/21



**Chief Finance Officer's
Report 2020/2021
(February 2020 Version)**

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This document can be made available in other languages, on tape, in Braille, large print and in other formats. For more information please contact 01803 207014.

Introduction

1. This report by the Council's Chief Finance Officer provides further information to support the Partnership's Budget Proposals for 2020/21. This an updated version since the report that supported the draft proposals in December 2019.
2. This report aims to provide further information and an overview of a number of key factors, including a number of "technical" finance issues, that have influenced the 2020/21 budget and raises issues for future financial years.

Budget Overview

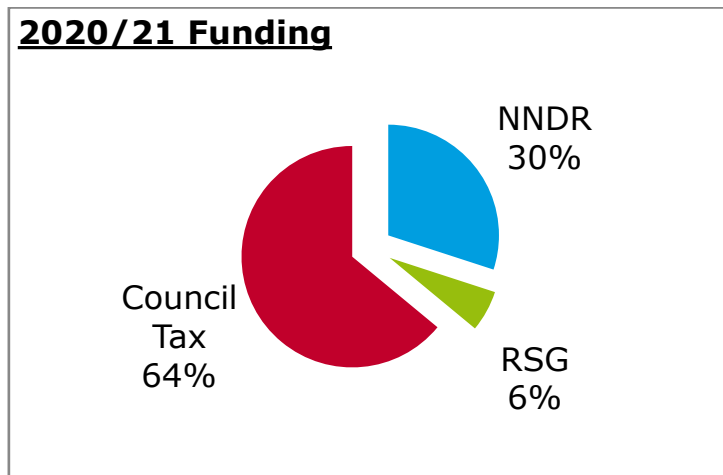
3. These budget proposals are presented in the light of ongoing national political change. 2019/20 was the final year of a four year funding settlement. The, one year only, Spending Round announced by the Chancellor in September 2019 was very different compared to previous settlements and the Budget in March 2019. The budget proposals are based on the announcements made in the Spending Round which included; no reductions in local government funding, the continuation of 2019/20 grants into 2020/21, additional funding specifically for social care and the option of a 2% council tax precept to fund adult social care. The provisional Local Government Finance Settlement for 2020/21 was issued on the 20th December 2019 and was in line with expectations. The final Settlement is expected to be confirmed in mid-February however no changes are expected.
4. The modest increase in local government funding compared to the reductions in previous years is welcome. However put in context, the increase in grant funding in 2020/21 is likely to be less than the £4m reduction in the Council's revenue support grant that occurred in 2019/20. Overall, Torbay's Revenue Support Grant has reduced by £36m - from £42m in 2013/14 to £6m in 2019/20.
5. The Spending Round was for one year only therefore there is still considerable funding uncertainty from 2021/22 onwards. As a direct consequence of a one year announcement MHCLG has delayed both the introduction of a new funding formula and a revised NNDR system by a year to April 2021 as a three year Spending Review is expected for 2021/22 onwards. The Council has an estimated (three year) funding gap in 2021/22 to 2023/24 of over £16m.
6. Despite the increase in funding for 2020/21, there are rising costs and demand for services which continue to create significant financial challenges to the Council. Members need to consider the 2020/21 budget in the context of the future year budget reductions required.
7. The Council's financial planning for 2020/21 started in March 2019 and the Partnership's provisional budget proposals were published on 17 December 2019 enabling a period for consultation and scrutiny of the proposals. To achieve a balanced budget, the proposals for 2020/21 have required a range of reductions and income generation and a number of difficult choices for the Council.
8. The Partnership's budget 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 significant additional funds for the safeguarding of children resulting in a real terms increase in budget for that service of over £9.8m to a total of £47m.

9. The Partnership's budget proposals also recognise financial pressures in a number of other areas. These include registration of electors and the coroner's service. The budget also reinstates the 2019/20 reduction to the Torbay Coast and Countryside Trust and in addition allocates funding for Torre Abbey phase three, reinstates a "holding" budget for Oldway Mansion, funding of a climate change officer and funding to support the housing strategy.
10. To support the difficult budget challenges facing the Council it is proposed by the Partnership that the Council increases its Council Tax requirement by an inflationary 1.99%.
11. The Partnership are also proposing to take the flexibility to raise Council tax specifically for Adult Social Care by 2% in 2020/21.
12. The Partnership's detailed budget proposals are available as part of the budget papers.
13. Members of the Overview and Scrutiny Board (through the Priorities and Resources Review Panel) have examined the proposals in detail and stakeholders and residents have had the opportunity to make representations on the proposals through the consultation. The Partnership has reviewed all of the responses received and the final budget proposals have been drawn up in the light of the responses.
14. This report supports the Revenue Budget 2020/21. Other budget related reports will be presented to Council in February 2020 which are relevant to the Council's overall financial position are:
 - a. 2020/21 Capital Strategy and Capital Receipts Strategy
 - b. 2020/21 Treasury Management Strategy, including Investment Policy and Minimum Revenue Provision Policy
 - c. 2020/21 Review of Reserves
15. Also relevant are:
 - d. Medium Term Resource Plan (on website)
 - e. 2019/20 Revenue and Capital Budget Monitoring Report – Quarter Three

Budget Digest pages, Fees and Charges and budget proposals sheets are available separately along with any required equalities impact assessments.

17. A summary of the Council's 2020/21 budget is as follows:

Partnership's Budget Proposal:	2020/21	
	£'000	£'000
Net Revenue Expenditure	115.9	
Total Net Revenue Expenditure		115.9
Funded By:		
Business Rate Retention Scheme	34.2	
Revenue Support Grant	6.5	
New Homes Bonus Grant	0.9	41.6
Council Tax Requirement	71.0	
Council Tax – 2% Adult Social Care	1.4	
Collection Fund Surplus/Deficit	1.9	74.3
Total Income		115.9



18. A summary of the 2020/21 budget by Service area is shown in the table below.

Directorate/Service	Expenditure £000s	Income £000s	Net £000s
Adult Services	54.8	(14.9)	39.9
Children's Services	102.3	(55.3)	47.0
<i>Dedicated Schools Grant included in Children's Services. (2020/21 final allocation to be announced).</i>	42.0	(42.0)	0
Public Health	11.7	(1.8)	9.9
Sub Total – Joint Commissioning Team	168.8	(72.0)	96.8
Corporate Services			
Community Services	5.6	(4.0)	1.6
Corporate Services	7.3	(3.4)	3.9
Customer Services	56.3	(53.3)	3.0
<i>Housing benefit included in Customer Services</i>	50.1	(50.1)	0
Sub Total – Corporate Services	69.2	(60.7)	8.5
Finance	27.8	(32.3)	(4.5)
Place			
Business Services and Regeneration and Assets	31.0	(17.8)	13.2
Investment Properties	10.9	(16.0)	(5.1)
Planning and Transport	9.2	(2.2)	7.0
Sub Total – Place	51.1	(36.0)	15.1
Total Expenditure and (Income)	316.9	(201.0)	115.9

Sources of Funding			
Council Tax			71.0
Council Tax – 2% Adult Social Care 2020/21			1.4
Collection Fund Surplus			1.9
Revenue Support Grant			6.5
Business Rates (NNDR)			34.2
New Homes Bonus Grant			0.9
Total Funding			115.9

Capital Plan 2020/21

19. As required by the Council's Constitution, the Capital Plan for 2020/21 has been published which is line with the Quarter Three budget monitoring report. As the Council has a rolling four year Capital Plan that is reported quarterly, the Capital Plan for 2020/21 is a "sub set" of the four year plan based on the latest monitoring information.

Spending Round 2019 and Local Government Finance Settlement 2020/21

20. In September 2019 the Chancellor announced a, one year only, Spending Round for 2020/21. The Spending Round announced high level department allocations and a number of service specific national allocations. Torbay's actual funding allocations for 2020/21 were confirmed in the provisional Local Government Finance Settlement.
21. The key issues from the Spending Round and Settlement are as follows:
- The Council's Revenue Support Grant (RSG) to rise by an inflationary amount,
 - Council Tax Referendum limit for Councils set at 2% and over for 2020/21,
 - Option of a 2% council tax rise for adult social care to be consulted on (by MHCLG),
 - Grants received in 2019/20 will continue for another year in 2020/21, including social care, Improved Better Care Fund, Winter Pressures, Troubled Families and Flexible Housing. New Homes Bonus grant will continue with one additional year in addition to the "legacy" payments,
 - A number of new funding streams were announced:
 - £1.0 billion nationally for "Social Care", un-ring fenced grant,
 - £0.7 billion nationally for Special Need pressures – ring fenced grant within the Dedicated Schools Grant,
 - The Council's New Homes Bonus allocation has been confirmed at £0.9m which is linked to growth in the number of houses in an area. As comparison the 2020/21 allocations to Councils local to Torbay are: Plymouth £3.4m, Exeter £2.5m, Teignbridge £2.2m and South Hams £1.2m.
 - No funding announcements for 2021/22 onwards. The next three year Spending Review is due in 2020. That uncertainty combined with a new 75% NNDR scheme and a new funding formula continues to make longer term financial planning very challenging.

Formula Funding and Business Rates Consultations 2020/21 (now 2021/22)

22. Immediately after the one year Spending Round, MHCLG announced a one year delay in both the introduction of the new funding formula and a revised NNDR retention system. However in reality, progress to a new funding formula has not significantly advanced since the two consultation documents issued in December 2018, although further consultation is expected in spring 2020. There is, therefore, still significant uncertainty around the Council's funding for 2021/22 onwards.
23. Key elements of the consultation were:
- NNDR Retention Scheme: From 2020/21 (now 2021/22) the MHCLG intend to introduce a 75% NNDR retention scheme for all Councils. The consultation sought views on the design of the scheme and how and when any NNDR growth is redistributed between Councils to keep the link between funding and need while retaining an incentive for growth. In addition the consultation suggested that NNDR baselines are changed on an annual basis to ensure councils are not disadvantaged by the impact of appeals.
 - New funding formula to allocate new funding baselines and income baselines to all councils from 2020/21 (now 2021/22). The aim was to have as simplified a formula as possible that focusses on a limited number of key cost drivers. The consultation proposed an eight block formula then adjusted for general factors to reflect labour costs, rates costs and sparsity.
 - There are seven specific formulas for major services – adults social care, children's social care, highways, public health, legacy capital costs, fire and flood defence. All other services will form part of a "Foundation" block where it is proposed that this formula will be based on total population.
24. This proposal, although meeting the criteria of being transparent and simple, does not take into account other place based factors that significantly influence costs and demand, such as deprivation and coastal town issues. Also some services included in the Foundation block such as concessionary fares, home to school transport and housing/homelessness are clearly not linked to total population.
25. The Council responded to this consultation and liaised with the LGA and other "influencers" to attempt to ensure that the final formula is reflective of the issues Torbay faces. As part of this process the Council's Chief Executive and Head of Finance had a meeting with the then Local Government Minister, Rishi Sunak and Kevin Foster MP. In addition the Head of Finance participated in a children's services "round table" organised by the LGA with the DfE.

Dedicated Schools Grant

26. As part of the Spending Round additional funding was announced for the Dedicated Schools Grant – for both schools and higher needs. Torbay's 2020/21 allocation of these additional funds are yet to be announced but an overall increase of 5% in the schools block is expected. Within the average overall increase, individual schools will receive more or less than 5% depending on the impact of the changes in the formula and pupil numbers to their allocations.

27. The Council will, as usual, direct the entire grant received in respect of Dedicated Schools Funding through to those areas defined in the School Finance Regulations. As a guide for 2019/2020 the allocation of Dedicated Schools Grant (DSG) before academy school recoupment was £105m. For 2020/21 it is estimated that approximately £42m will be retained in the Council's budget for expenditure related to its (maintained) schools and other residual functions.
28. The DSG and the schools funding formula is being changed with full introduction of a new national simplified minimum per pupil funding formula from 2021/22. Movement of funding between these blocks is now limited and will cease altogether for schools block from 2021/22 with the introduction of the national school funding formula.
29. The key financial pressure within the DSG is in the Higher Needs block. The pressures on the Higher Needs block arise from the level of demand and referrals from schools for support to pupils. In recognition of this pressure Schools Forum for 2019/20 agreed to move 1.4% of the school block to the higher needs block which was subsequently approved by DfE. Despite this, the overspend on the block in 2019/20 is estimated to be £1.0m, resulting in a cumulative forecast deficit of £3.7m, which needs to be "made good" in future years.
30. As recognition of the national issues in the Higher Needs block, the Spending Round has allocated £0.7 billion nationally to support Higher Needs pressures. Although welcome the estimated additional funding for Torbay will be less than the current year forecast overspend.
31. The DfE have issued a consultation on the funding of deficits on the Dedicated Schools grant and have clarified that a deficit on this grant is not a liability to the Council and will need to be "made good" from future year DSG funding allocations.
32. Until the higher needs block achieves financial balance in the longer term, the DSG reserve will be used to fund the cumulative deficit as a "negative reserve". However holding a negative reserve is neither a recommended nor a sustainable solution.

Adult Social Care

33. The Council's budget proposals for 2020/21 includes the proposed contract sum agreed with the ICO and CCG to continue the highly regarded system of integrated health and adult social care within Torbay. A three year arrangement has been agreed, supported by a focussed cost improvement plan for adult social care. The contract value is £45 million plus £2m held as a specific contract contingency and, for 2020/21 only, a one off payment of £1m.
34. The contract sum includes Council adult social care funding including Better Care Fund, Improved Better Care fund, Winter Pressures grant and funding from the Adult Social Care council tax precept.
35. Any additional funds raised by the 2020/21 Council tax precept of 2% (approx. £1.4m) will be allocated for adult social care expenditure.

Children's Services

36. The rising costs of children's social care is driven by the number and complex needs of looked after children. The number, and therefore the cost, of looked after children is significantly high compared to similar council's. This cost has increased during 2019/20 as a higher number of children are being looked after in a residential placement (as compared to those looked after by a foster carer) at an average cost of £5,000 per week. In addition the numbers of agency staff in the service remain high (over 40) which results in both extra costs and inconsistency of care management.
37. Linked to the 2019/20 forecast expenditure, an additional £7m will be added to the children's social care budget in 2020/21 to re base the budget to current demand levels allowing for a contingency for further demand.

£2m will be allocated to the service to enable investment in areas to enable service improvements. Areas for investment will include SEND, senior management capacity, commissioning, procurement, recruitment and retention, and investment in fostering in particular for carers who look after children with complex needs. No assumptions of reductions on the current levels of demand and cost have been included in the budget proposals for 2020/21. In addition in 2020/21 the Council will consider options in relation to implementing the "Torbay Promise", a targeted approach to early help.

38. In addition to the above a further £0.8m has been allocated to the service as one off funding for 2020/21 only to cover initial expenditure on both fostering and the social work academy prior to compensating reductions being realised.

Community Engagement

39. The budget does not contain any proposals in relation to the establishment of additional Town Councils.
40. In order to support the Partnership's ambitions for engagement with the community in particular for the community to work with the Council to both provide and support service provision, an allocation of £0.250m has been made for this purpose, of which £0.2m is one off funding and will be earmarked in a reserve for this purpose.

TOR2 Re-provision - "SWISCO"

41. The budget proposals include an estimated £1.3m saving from the re-provision of services after the expiry of the contract with TOR2 in July 2020.
42. The savings on re-provision are expected to be a combination of the financial gains from the operation of a new 100% council company compared to the current contract with Kier and from the re specification of services within the current TOR2 contract and also other "place" based contracts.

Investment Fund

43. Council in July 2019 approved an increase in the Investment Fund to £300m. The estimated surplus, after borrowing costs and contingency for future years, on these properties is now forecast to be £5.1m in 2020/21 (a £1m increase on 2019/20). In light of the HM Treasury increase in (future) Public Works Loans Board (PWLB) borrowing rates this target will need to be kept under review.

Estimation of Council Tax Surplus/Deficit

44. 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 which will be set in January 2020. For the budget proposals a net surplus of £2.1m (Torbay's 84% share) on council tax collection has been estimated.
45. 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 well above the "in year" rate, which is 96%.
46. As a local precepting authority, as defined in the Local Government Finance Act 2012, Brixham Town Council (or any new Town Council) will not be entitled to a share of any surplus or deficit on the collection fund.

National Non-Domestic Rates

47. The Council's NNDR income in 2020/21 comprises of three parts: a 49% share of NNDR income, a "s31" grant to reflect the loss of NNDR income to the council from central government changes to the NNDR (e.g. SBR) and a Top Up grant that reflects the difference in the Council's assessed "need" for funding compared to its actual ability to raise NNDR income (as set in 2013).
48. 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 an area which has caused further complications for medium term financial planning. Overall the Council is currently predicting an estimated deficit position of £0.4m (49% share) on its Collection Fund in respect of NNDR as at 31st March 2020.
49. Central Government have in late January 2020 now issued directions on changes to a number of NNDR reliefs to be applicable from April 2020. The Government acknowledge that this change is too late to be included in Council NNDR forecasts so will issue supplementary returns to be completed to reflect these changes and will provide compensation for these reliefs by way of a "S31" grant.

Council Tax and Referendum Limits

50. To control the level by which local authorities can increase Council Tax, the Government has set limits at which point a referendum would be required. Following the Spending Round this is expected to be set at 2% or over for 2020/21. The Partnership's budget proposal is for a 1.99% increase in this element.
51. In addition, again following the Spending Round, MHCLG have confirmed the option to increase council tax by a further 2% specifically for adult social care. The Partnership's budget proposals includes this 2% increase.
52. The Council Tax bill sent out to residents is made up of three main component parts, namely Torbay Council, Devon and Cornwall Police Authority and Devon and Somerset Fire and Rescue Authority. Once these have been declared they will be including in the Council Tax setting report which will be presented to Full Council at the end of February 2020.
53. The Secretary of State will consider the three component parts, not the overall bill, and, if one of the three organisations were capped, the Council would have to re-bill. In addition there will be a separate Council Tax charge for residents in the Brixham Town Council area. Brixham set their budget for 2020/21 on the 16th January at a precept of £335,006, a 10.55% increase.
54. In 2019/20, Torbay had the lowest Band D Council Tax in Devon at £1,801.84 including the Fire and Police precepts, but excluding parish and town council precepts. A summary of some other Devon Councils' Band D rates are as follows:

	Torbay (Unitary council)	Plymouth (Unitary council)	Exeter (City Council)	South Hams (District Council)	Teignbrid ge (District Council)
District Council	-	-	155.05	165.42	170.17
Devon County	-	-	1,384.29	1,384.29	1,384.29
Total	1,503.04	1,514.34	1,539.34	1,549.71	1,554.46
Fire & Police	298.80	298.80	298.80	298.80	298.80
Band D (excluding parish precepts)	1,801.84	1,813.14 +0.6%	1,838.14 +2.0%	1,848.51 +2.6%	1,853.26 +2.9%

Table last updated 8 April 2019

56. The differential between Torbay and the other Councils increases when Town and parish precepts are added. As a guide the 2020/21 precept for Brixham Town Council is £56.70.

Pay and Pensions

57. The 2020/21 pay award for staff has not yet been agreed. The budget proposals include an allocation for a pay award of 2% in services, whilst a contingency is also held to cover any impact changes in the living wage, a higher than 2% rise and/or increases on lower grades over the “headline” award.
58. In 2019 there was the triennial valuation of the Devon County Pension Fund to ensure that employer contribution rates are set to meet the long term employee pension benefits requirements. This has resulted in an increase in Torbay’s “primary” rate to 16.7% (from 14.8%), however this increase has been more than offset by a significant reduction in the Council’s “secondary” rate (i.e. deficit) lump sum payment.

Reserve Levels

59. In part from the significant overspend in 2019/20 where reserves of £4m will be required to balance the budget, the Council’s general fund reserve of £4.6m is low compared to both the Council’s overall expenditure and also in comparison to other Councils. The CSR reserve will also be below the minimum target level of £2m.
60. The 2020/21 budget proposals include a modest increase of £0.5m to the Council’s general fund reserve. The Council also has the option, in order to give reserve levels a “boost”, to swap revenue and reserve funded capital expenditure for prudential borrowing to up to £3m which will need to be funded from future revenue budgets. At this stage this option is not being proposed but will be considered if the Council’s financial position deteriorates in 2020/21.

External Peer Financial Reviews

61. In November 2018 another LGA financial review was undertaken (and was reported to Council in January 2019). The report was positive in the achievements that Torbay has made to date to deliver a balanced budget. For information some recommendations from that 2018 report are repeated:
 - a. Torbay should continue to plan on the basis that it is a self-standing Unitary Authority.
 - b. Officers need to begin work now, Council wide, on further transformation and savings proposals for the future, to present to the incoming administration in May 2019 and give them a head start and room to manoeuvre in planning the budget for 2020 and beyond.
 - c. Torbay establishes a formal saving delivery plan for Children’s Services which should include an analysis of the current case load to try and determine any structural reasons as to why Torbay has such a high demand for Children’s services. This delivery plan should be monitored corporately at both officer and member level.
 - d. The negotiation on the future of the ICO risk share must leave the authority in a position where it is financially sustainable as a whole and must not be conducted in isolation from the corporate position.

- e. On the TOR2 contract, as well as considering the early termination, there should be immediate focus on developing detailed specifications for services after the end of the contract, which in planning terms is now getting close – especially if some of the services need to be procured or if expensive vehicles and plant are to be purchased. Torbay should detail the services it wants and can afford and should seek to deliver significant ongoing savings from this process.
- f. The Council should continue to investigate the option of establishing Town Councils that could raise precepts and provide communities with a different set of options for future service provision. This work should be progressed to a point where members are able to make an informed decision and be capable of being implemented in April 2020 should the new administration chose to do so.
- g. Torbay should continue its discussion with Government about a possible Town Deal. This and similar approaches should be pursued through the Torbay Together initiative.
- h. Torbay should continue to explore all possible options to work regionally and sub regionally, to raise its profile and exploit any possible funding streams e.g. through the LEP.

CIPFA Financial Resilience Index

- 62. To provide more information and transparency on Councils' financial position, in particular after the issues in Northamptonshire County Council, CIPFA issued a "Financial Resilience Index."
- 63. The Index has been revised and the assessment of Torbay's position is that the "Indicators of Financial Stress" will rank Torbay as a "higher risk" Council but not at the highest level. Factors that show a higher risk assessment are in relation to children's' social care where the council's share of its budget on this service is high and it has an inadequate OFSTED judgement. Other factors showing a higher level of risk are the overall level of reserves compared to budget. Conversely lower risk is reflected by the level of spend on adult social care and no reduction in the level of general (unallocated) reserves.

Transformation Programme

- 64. Key to the longer term financial viability of the Council is the Council's transformation programme supported by a dedicated transformation team. The team supports the development of projects to help deliver financial savings. A number of these projects have already resulted in some savings which have been incorporated in previous year budgets and some for 2020/21. Projects include investment fund, income optimisation, council re design and improving collection fund income. The 2020/21 budget includes an allocation of savings arising from the council re design project.
- 65. The financial challenge facing the council is still significant with uncertainty of funding in 2021/22 onwards, therefore the transformation process is key to bringing forward viable projects "at pace".

Longer Term Future Council Funding

66. The Medium Term Resource Plan was updated by the end of March 2019 to include the impact of the approved 2019/20 budget and the latest estimates of future year costs and funding which predicted a funding “gap” of £18.5m. The Spending Round announced in September 2019 improved the financial outlook in 2020/21 however it moved funding uncertainty back to 2021/22 with the delay in the new funding formula and the revised NNDR system. However the continuing rising cost of children’s social care has negated any potential improvement in the financial position for 2020/21.
67. As an initial guide, prior to more detailed work being undertaken post Council budget setting and the national Budget in March 2020, it is estimated that between 2021/22 and 2023/24 the Council will require in the region of over £16m of reductions to achieve a balanced budget.
68. 2021/22 will now be the first settlement after the Central Government Spending Review in 2020. That uncertainty combined with a new 75% NNDR scheme and a new funding formula makes longer term financial planning very challenging, which may vary the forecast gap by up to an estimated +/- £3m each year.
69. The aim of the above changes is that Councils will not have any central government “core” funding, with the Councils funded from council tax and NNDR. 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). It must be noted that MHCLG are still intending to control Council spend by the retention in the funding calculations of both funding baselines and income baselines. This is not only to control total funding therefore enabling overall funding reductions by changing tariff and top up grants, but also to enable total funding to be redistributed based upon need.
70. 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 linked, in part, 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. Spreading NNDR risk and reward over a wider area is therefore a benefit.



Meeting: Cabinet **Date:** 4 February 2020

Council **Date:** 6 February 2020

Wards Affected: All

Report Title: Revenue Budget 2020/21

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately

Cabinet Lead Contact Details: Darren Cowell, Cabinet Lead for Finance,
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Supporting Officer Contact Details: Martin Phillips, Head of Finance,
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1. Proposal 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 2020/21, 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 ambitions expressed within the Corporate Plan and other related strategies.
- 1.2 In accordance with the Council's Constitution, Members are asked to either confirm their agreement to the recommended budget or put forward objections, and then any amendments for consideration at future meetings.
- 1.3 Within the budget setting process, the Chief Finance Officer must statutorily provide advice as to the robustness of the budget and this report sets out this opinion.

2. Reason for Proposal

- 2.1 The Council has a statutory responsibility to set a revenue budget each year.

3. Partnership's Budget Proposal

- 3.1 That the proposals identified for efficiencies, service change and income generation in 2020/21 be approved.
- 3.2 That the net revenue expenditure of £115.868m resulting in a Council Tax requirement of £72.328m for 2020/21 (a 3.99% increase in Council Tax, of which 2% is for Adult Social Care) be approved.
- 3.3 That the Dedicated Schools Grant be used in accordance with the Schools Financial Regulations and that the Chief Finance Officer be authorised to make amendments as required when the final figures are confirmed and this delegation is included in the next revision of the Council's constitution.
- 3.4 That the proposed Fees and Charges for 2020/21 be approved.
- 3.5 That, in accordance with the requirement of the Local Government Act 2003, 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 (as set out in the report) be noted.
- 3.6 That it be noted that the Brixham Town Council precept of £0.336m for 2020/21 will be included as part of the Torbay Council budget for Council Tax setting purposes.

4. Background Information

- 4.1 The Partnership have published their Budget Proposals and these have been circulated to all Members of the Council. All Members have also been provided with copies of the supporting information which has been published alongside the Budget Proposals:
 - Chief Financial Officer's Report
 - Revenue Budget Digest 2020/21
 - Fees and Charges 2020/21
 - Proposals for service change, income generation and savings including Equality Impact Assessments
 - Review of Reserves 2020/21
 - Capital Strategy 2020/21
 - Capital Budget 2020/21
 - Quarter Three Budget Monitoring 2019/20
- 4.2 The budget has also been updated for any confirmed grant allocations received since the draft budget was issued. These include Discretionary Housing Fund (£625k), Flexible Housing Grant (£612k) and Rough Sleeping Grant (£620k).
- 4.3 In relation to the Dedicated Schools Grant, the Grant will be used in accordance with the Schools Financial Regulations and that the Chief Finance Officer be authorised to make amendments as required when the final figures are confirmed and this delegation is included in the next revision of the Council's constitution.
- 4.4 Within the Higher Needs Block of this Grant it is projected that there will be a deficit on this Block in 2020/21 of £2m. This in year deficit will be accounted for as an increase in the cumulative deficit on this ring fenced grant held by the Council as a

negative reserve pending future funding being identified. Further information on the Higher Needs Block is attached as an appendix to this report.

5. Robustness of the budget estimates

5.1 Key to budget setting is the robustness of the budget proposals, which is linked to both service demands and the risks associated with those services. A number of assumptions have been made in the development of the budget for 2020/21 in order to mitigate against the risks. A number of specific risks and their mitigation are shown below:

Risk	Risk Rating	Mitigation
Inability to deliver a balanced budget over the next three financial years	High	Annual Planning cycle for budgeting supported by the transformation programme
Identified budget reductions for 2020/21 are not achieved	Medium	<p>Monthly monitoring of current year financial position by Senior Leadership Team including a "savings tracker".</p> <p>Contingency budget in 2020/21 revenue budget.</p> <p>Directors, Assistant Directors and all managers have a responsibility to ensure they maintain spend within their approved budget allocation.</p> <p>The Council also has in place a series of regular revenue and capital monitoring reports, which are presented to the Overview and Scrutiny Board and the Council which review the budget on a quarterly basis throughout the financial year, which mitigates against the risk of inadequate financial control.</p>
Overspend against the proposed 2020/21 Children's Services budget	Medium	<p>The Interim Director of Children's Services (DCS) has a service improvement plan and a sufficiency strategy with a number of work streams that has been recently established and being implemented, supported by a range of monitoring and performance arrangements.</p> <p>20/21 Childrens' Services Budget re based to current spend levels - £7.0m increase plus a further £2.8m for investment in the service.</p>
Overspend against the proposed 2020/21 Adult Social Care budget	Low	Agreement in place in which Council pays a fixed payment with no exposure to any over or under spends.
Volatility of NNDR Income	Medium	Provision for appeals and non-collection included in 2020/21 NNDR income estimate.
Insufficient income generated	Low	<p>Annual cycle for budgeting supported by the transformation programme.</p> <p>Prudent view taken of new income streams in 2020/21 and a contingency held.</p>
Insufficient investment fund income	Medium	<p>Prudent view taken of potential new income streams in 2020/21.</p> <p>Cabinet continues to review investment opportunities.</p>

Risk	Risk Rating	Mitigation
Insufficient reserve levels as a result of a significant budget variance or unforeseen event.	Medium	Review of Reserves report presented to the Council and £4.6m maintained in the General Fund balance and £3m target balance held in CSR Reserve. 20/21 budget includes a £0.5m increase to the CSR Reserve.
Exposure to changes in interest rates	Low	Treasury Management Strategy to be approved by the Council. All borrowing currently on fixed rate deals.
Inflationary pressures	Low	Budget build has included estimates of inflation where applicable. Pay award and impact of living wage not finalised yet however contingency held.
Income linked to major prudential borrowing schemes not achieved at forecast levels.	Medium	Approval by Council supported by a detailed business case. Income streams reviewed as part of budget monitoring Mitigation in schemes, such as a "pre let" required.
Insufficient capacity to deliver the Transformation Programme	Low	Provision in 2020/21 budget for £0.5m for transformation.

5.2 In accordance with the requirement of the Local Government Act 2003, the Chief Financial Officer must report to the Council on "the robustness of the estimates made for the purposes of the (budget) calculations" and the "adequacy of the proposed financial reserves".

5.3 Taking account of the financial risks facing the Council and the mitigations outlined in paragraph 5.1 above, the Chief Financial Officer's Statement is as follows:

"I have taken into account information, risks and assurances from the Leader, the Cabinet and the Senior Leadership Team in forming my opinion. My opinion is that the 2020/21 budget is based on robust budget estimates.

This opinion is supported by significant increased funding for childrens social care, the signed agreement for adult social care and the maintenance of Council reserves at a prudent level and the delivery of the transformation programme including the re provision of TOR2 services by SWISCO".

5.4 In relation to reserve levels, the statement in the 2020/21 review of reserves report is:

6.0 Head of Finance Statement.

6.1 The Council is continuing to face financial challenges. I am satisfied that the Council's General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council's Financial Plans for 2020/21 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment.

6.2 This view has to be caveated that if the Council has unforeseen financial pressures, such as a significant in year budget overspend, then the Council's ability to fund these variations is limited. However this view can be mitigated if the following actions are undertaken:

- a) The 2020/21 budget plans for an increase to the CSR reserve to achieve a minimum ongoing balance of £3m over the next two years.
- b) That the Council continues to focus on childrens' social care as the biggest financial risk to the Council to deliver the identified improvements supported by a robust financial recovery plan and the sufficiency strategy
- c) That a balanced revenue budget can be set for 2020/21 including a significant increase in the childrens' social care budget to reflect actual levels of cost and demand.
- d) That the budgeted Investment Property surplus for 2020/21 is achieved.
- e) That the Council continues to delivers its transformation programme at pace
- f) That the Council recognises the option of using borrowing to fund capital plan to enable an increase to reserve levels by £3m if needed

6.3 At this stage with the significant uncertainty in relation to central government funding for 2021/22 I am currently unable to give any assurance in relation to 2021/22. I recommend, however, that the Council continues to be prudent in its use of reserves and plans for future risks and their mitigation. These to include:

- a) Maintaining a balance on CSR reserve of £3m
- b) Protection to current level of General Fund Reserve
- c) No reserves used to balance 2020/21 or future year budgets
- d) Specific material risks still mitigated for – such as insurance, NNDR volatility and investment fund
- e) Regular updates and awareness of the risks identified in the Medium Term Resource Plan
- f) That the Council continues to delivers its transformation programme at pace in medium term
- g) Continued focus on reducing spend in childrens' social care

7.0 Appendices

7.1 Appendix One - Higher Needs Block Briefing paper



Briefing Paper – Higher Needs Block

Context

The following paper aims to quantify the current pressure on the budgets for children and young people with Special Educational Needs and Disability (SEND) and the actions that are being taken at a local level to endeavour to address some of the rising pressures within this area.

The provision of Special Educational Needs support for children and young people within Torbay is funded through an allocated budget (Higher Needs Block) within the Dedicated Schools Grant (DSG). The gap between high needs funding and high needs expenditure has historically been dealt with by the movement of funds between the blocks within the DSG. This historic position masked the severity of the funding issues. The ability to move blocks at a local level was removed in 2018 and any movement of funds between blocks now requires a full public consultation and secretary of state approval. In 2018 the Schools Forum was given approval from the secretary of state to move funds, however this raised significant concerns given the impact on school budgets. However despite the transfer of funds and using all of the final reserves of School Forum, the net effect of increasing demand for SEND services and support has left the Local Area with a significant and increasing deficit. It is anticipated that the deficit by the end of March 2020 will be £3.625million. (Budget overview paper attached)

Pressures within the budget and ability to control spend

The rising costs of support for children and young people with SEND are driven both by the increasing numbers of children and young people requiring support and the increasing unit costs of that support. Torbay currently has 5% of Children and Young People with an Education Health and Care Plan. This is one of the highest rates in the country. Work is consistently taking place to review the threshold application for a plan, however external audit and testing through Tribunals has assured us that the application of threshold is consistent.

Torbay had a high percentage of children with a plan prior to the introduction of the new SEND code of practice in 2014. The introduction of the code was ambitious and far reaching and placed a significant expectation on the local area to provide additional services and educational opportunities that had not been available previously, most notably extending the entitlement to 0 – 25 years. The increased responsibility of providing for a new cohort of young people from the ages of 16 to 25 has significantly contributed to the growth in high needs spending.

Another factor that has significantly contributed to the increased demand for services is the demand and parental preference for specialist services. Mainstream schools are working hard to accommodate pupils, however the range of national policy decisions, coupled with an inspection framework built with an emphasis on attainment, has not created an environment in which schools are sufficiently incentivised or rewarded for being inclusive. Despite collective efforts the percentage of children and young people

taught within specialist provision continues to grow. The Local Area is increasingly concerned that specialist local provision are working at full capacity, resulting on a reliance upon independent provisions that are high cost. It is anticipated that the new inspection framework introduced in September 2019, may lead to greater recognition and reward for an inclusive school culture, however there will be a limited number of children and young people currently taught in specialist provision that can return to mainstream education.

In addition to children with SEND, the Higher Needs Block also has to make provision for children and young people that are excluded from mainstream school. Permanent exclusions within Torbay remain stubbornly high and the correlation between disadvantage and exclusion is stark across both phases of education.

The impact of funding pressures across education, early help, statutory children's services and partner agencies is also leading to an additional pressure on schools and the provision available for young people. Pressure on school budgets to provide for changes in legislation, meet additional complex needs and continue services that have previously been commissioned by partner agencies place school budgets under further pressure. Mainstream schools are now less able to provide and support children and young people with SEND without additional funding which is taken from the Higher Needs Block. The cost of providing top up fees for individual pupils and bespoke packages has risen from £609k in 14/15 to £1.930m in 19/20.

The Schools Forum (the body responsible for the delivery of the DSG) have diligently taken action to try and reduce and mitigate the funding pressures. However despite these collective efforts the ability to manage within budget going forward has still not been achieved, until this position has been achieved the ability to address a cumulative deficit remains unknown.

Local Authorities with their School Forum have limited abilities to bring spend into line with budgets at a prompt pace. The key factors for consideration are:-

1. Around 85% of expenditure is tied into individual pupils and placements which cannot be released in the short term.
2. The legislation and the need to accommodate parental preference is being tested through Tribunals, these judgements predominately rule in favour of issuing a plan and subsequently expect a high level of provision to be given.
3. The limits on movements between blocks means that there is limited financial headroom available to invest in early intervention and prevention activity that can address the demand issues.
4. The constraints on capital allocations, mean that new provision and growth of provision is limited, leading to a reliance on independent options.

Local Authorities have the responsibility for maintaining high needs expenditure within budget, however there are no hard levers with which this can be actioned. The current system relies upon positive relationships, an ability to galvanise partners through a moral imperative and collective purpose. Although important mechanisms of change, they do not create a system of shared accountability and incentives.

Actions being taken at a Local Level

The Local Area has been working on a Higher Needs recovery plan for over 18 months. The plan has started to create a stronger sense of ownership across the education system, with parties beginning to recognise that individual decision making and requests for funding are contributing to the wider budget constraints. Schools Forum and the Higher Needs Recovery Group have a deeper understanding of the issues and have started to take action on key areas within the local area control. These include but are not limited to:-

- Supporting inclusion whilst holding schools to account
- Altering commissioning arrangements to provide more local area resource bases attached to schools and academies.
- Reviewing the funding allocations to each child and where possible reducing bespoke teaching arrangements.
- Creating new post 16 pathways
- Working with partners on shared packages and joint funding

Despite these actions and the continued emphasis on shared accountability the Local Areas ability to address the pressures remains limited.

Moving forward

To create a more sustainable model of providing high quality provision for children and young people with SEND, there needs to be greater emphasis and national direction on the alignment of policy and funding to meet needs. The School Forum and Local Authority need greater levers to corral partners to use the higher needs funding to best support all learners with SEND.

This could include:

- Clearer national expectations and guidance
- Greater flexibility and content of EHCP's to ensure schools are able to better determine how they deliver support.
- Providing ring fenced funding for support evidence based approaches to prevention that can be sustained and are not time limited.
- Correct the funding mechanisms that means it is cheaper to pass the cost of an EHCP or a permanent exclusion to the Higher Needs Budget rather than to make good quality school provision at an appropriate cost.
- Providing additional capital investment for specialist provisions
- Further mandating the sharing of costs between social care, education and health
- Consider the impact of league tables and inspections frameworks on incentivising inclusion.

Most importantly there needs to be recognition of the demands within the system and it is imperative that an additional and ongoing injection of funding needs to be provided to both deal with the deficit position and also to balance the budgets moving forward.

High Needs Recovery Group 9/12/19									
	16/17	17/18	18/19	19/20	Cumulative				
	Actual	Actual	Actual	Forecast	Position				
	£	£	£	£	£				
High Needs Overspend	436,953	1,552,844	2,653,299	2,616,249	7,259,345				
Transfer from Schools Block			(369,000)	(1,396,000)	(1,765,000)				
Other DSG Overspend / (Underspend)	397,644	(570,247)	(119,232)	(199,344)	(491,179)				
Total DSG Overspend	834,597	982,597	2,165,067	1,020,905	5,003,166				
Special School Numbers	16/17	16/17	17/18	17/18	18/19	18/19	19/20	19/20	
	April	Sept	April	Sept	April	Sept	April	Sept	
	Places	Places	Places	Places	Places	Places	Places	Places	
Combe Pafford	234	234	234	252	252	252	252	252	252
Mayfield & Chestnut	207	218	218	228	230	230	230	240	240
Brunel & Burton	106	96	96	96	106	106	106	106	106
Totals	547	548	548	576	588	588	588	598	598
Special School Funding	16/17	17/18	18/19	19/20	Increase				
	Funding	Funding	Funding	Funding	since 16/17				
	£	£	£	£	£				
Combe Pafford	3,132,023	3,305,506	3,478,021	3,482,193	350,170				
Mayfield & Chestnut	4,111,366	4,334,771	4,583,031	4,761,039	649,673				
Brunel & Burton	2,103,482	2,021,375	2,449,373	2,477,938	374,456				
	9,346,871	9,661,652	10,510,425	10,721,170	1,374,299				
EHCP Top-ups	16/17	17/18	18/19	19/20	Increase				
					since 16/17				
FTE's	334.00	353.17	358.83	400.83	66.83				
Funding	926,000	1,234,000	1,508,000	1,930,000	1,004,000				
Funding per FTE	2,772	3,494	4,203	4,815	2,043				



Meeting: Cabinet

Date: 4 February 2020

Council

Date: 6 February 2020

Wards Affected: All

Report Title: Capital Plan 2020/21

Is the decision a key decision? Yes

When does the decision need to be implemented?

Cabinet Member Contact Details: **Darren Cowell**, Cabinet Lead for Finance,
darren.cowell@torbay.gov.uk

Supporting Officer Contact Details: Martin Phillips, Head of Finance,
martin.phillips@torbay.gov.uk

1. Proposal and Introduction

- 1.1 Torbay Council's Capital Plan totals £394 million for the 4 year programme to 31 March 2023 with £125 million scheduled to have been spent in 2019/2020 and £143 million due to be spent in 2020/21. The Council's Capital Plan is updated on a quarterly basis as new funding announcements and allocations are made.
- 1.2 The attached document provides high-level information on the proposed capital expenditure and funding for 2020/2021 and is part of the total Plan. Shown against the targeted actions of the Council's Corporate Plan, it gives details of the capital schemes which have previously been approved by the Council. However, in some cases, it sets out funding which has been allocated to services but where specific schemes have not yet identified.

2. Reason for Proposal

- 2.1 To enable the Council to agree its Capital Expenditure for the 2020/21 financial year as required by the Constitution.

3. Recommendation(s) / Proposed Decision

- 3.1 That the Capital Plan for 2020/21 as set out in Appendix 1 to the submitted report be approved.

Appendices

Appendix 1: Proposed Capital Plan for 2020/21

Capital Plan Budget 2020/21

Torbay Council's Capital Plan totals £394 million for the 4 year programme to 31 March 2023 with £125 million scheduled to be spent in 2019/20 and £143 million due to be spent in 2020/21¹.

This document provides high-level information on the proposed capital expenditure and funding for 2020/21 and is part of the total Plan. Shown against the targeted actions of the Council's Corporate Plan, it gives details of the capital schemes which have previously been approved by the Council. However, in some cases, it sets out funding which has been allocated to services but where specific schemes have not yet been identified.

In accordance with Torbay Council's Constitution, the figures presented will form the approved capital budget for the coming year. The figures are currently based on the Quarter 3 2019/20 capital monitoring information and will form the basis of the 2020/21 Capital Budget.

	£m	%
Thriving People and Communities	44.393	31
Thriving Economy	30.359	21
A Climate fit for the Future	1.614	1
A Council fit for the Future	2,134	1
Investment Fund	65.000	46
Total Capital Expenditure 2020/21	143.500	100

Details of how the Council is intending to fund the expenditure in the capital plan is as follows:

	£m	%
Prudential Borrowing	127.104	89
Capital Grants	11.315	7
Capital Contributions	0.726	1
Revenue Contributions	0.043	0
Use of Reserves	1.844	1
Capital Receipts	2.468	2
Total Capital Funding	143.500	100

¹ Capital Plan – Draft Quarter 3 Monitoring Report - (Council, January 2020)

Targeted Action 1: Thriving People and Communities

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2020/21 Budget £000
Barton Academy – Nursery provision	A specific grant from DfE to provide nursery facilities at Barton Academy. The Academy trust will also contribute funds to the scheme.	Cabinet - January 2020	527	527
Brunel Academy	Phase 2 of development at Brookfield site/Brunel academy to create Vocational Classrooms.	Council – 24 Sept 2015 Updated Council - 20 Sept 18	1,000	400
Paignton Community & Sports Academy	Expansion to provide additional Secondary School places in Paignton	Council – 31 January 2019	879	374
Special Provision Fund	A specific grant to make capital investments in provision for pupils with special educational needs and disabilities.	Council – 13 September 2017	849	167
Torbay School Relocation	The Council agreed the reallocation of £3m previously allocated to Children’s Services for the relocation of Torbay School. The decision was subsequently made to relocate Torbay School from its present site at Torquay Road, Paignton to the MyPlace facility in Paignton in order to better meet the needs of the young people attending this Special School. This decision was later overturned when planning permission was refused. Subsequently part of the original budget has been reallocated to other Childrens Services projects	Council – 26 February 2015 Chief Executive – 8 July 2016 Council – 10 May 2017	1,200	700
IT Childrens Case Management System	IT System to replace current Children’s Social Care case management system (PARIS).	Council – 21 Feb 2019	1,000	825
Affordable Housing	This is the capital resource set aside for affordable housing awaiting allocation to specific schemes. This is mainly funded from Right to Buy receipts, Section 106 contributions and housing grants. The Council agreed that these resources should be ringfenced for affordable housing. Some has been allocated to proposed scheme at Crossways	Council – October 2016	1,164	1,163
Crossways, Paignton	Proposals for mixed use development to include extra care and affordable housing	Council – 26 Sept 2019	22,359	13,637
Disabled Facilities Grants	Residual balance of 2019/20 DFG allocation	n/a	n/a	750
Extra Care Housing	Development of extra care units at Torre Marine	Record of Decision – 1 March 2019	2,250	850
Torbay Housing Company Loan	To facilitate the work of the Housing Rental Company, in the form of a loan for a capital purpose	Council 20 July 2017	25,000	25,000
Sub-total				44,393

Targeted Action 2: Thriving Economy

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2020/21 Budget £000
Babbacombe Beach Road	Improvements to road access to Babbacombe Beach		260	250
Better Bus Areas	Residual funds to improve bus facilities in the Bay	Council – 31 January 2019	1,183	73
Claylands Redevelopment	Council-owned land at Claylands will be redeveloped using a combination of Council and Heart of the South West Local Enterprise Partnership funding. When fully developed the site will support approximately 350-400 jobs and will support the growth of the business rate base.	Council – 10 December 2015 Updated at Council – 19 October 2017	10,400	6,748
Clennon Valley Sports Improvements	Scheme to improve drainage at sports pitches on Clennon Valley	Council – 27 October 2016	70	38
Edginswell Business Park	To purchase and develop for regeneration land at Edginswell.	Council 22 June 2017	6,620	3,500
Flood Defence Schemes	This budget represents resources for flood alleviation work largely funded by Environment Agency at Cockington and Monksbridge	Council – 27 September 2012	740	483
Innovation Centre - EPIC	Hi –tech Innovation Centre office and clean room space for electronics and photonics sector start-up businesses.	Council – 26 February 2015	7,749	175
Paignton Coastal Defence Scheme	Scheme to provide additional protection against sea inundation in low lying areas of Paignton and Preston	Cabinet – January 2020	3,142	280
Princess Pier Structural repairs	Structural repairs to the superstructure alongside potential substructure repairs partly funded by the Environment Agency.	Council – 1 February 2012 Updated Council 13 September 2017	1,665	750
RICC Improvements	To improve facilities and refurbish the RICC to facilitate new management agreement	Council - 18 July 2019	2,149	2,149
South Devon Highway	The scheme is substantially complete but there are still other costs to be determined (including compensation claims) before the final cost of this major infrastructure improvement is known.	Council – 13 February 2008	20,224	1,330
Transport - Integrated Transport Schemes	Grant allocations from the Department for Transport for 2015/2016-2020/2021. The allocations are linked to the value of the planned maintenance backlog on the road network. The Council agreed to allocate these resources in line with Government intentions.	Council – 26 February 2015 Updated at Council – 13 September 2017	n/a	612
Roads Structural Maintenance			n/a	1,424
TEDC Capital Loans	Capital loans to fund TEDC capital projects	Council – 26 February 2015 Council – 18 December 2018	4,040	575
Torbay Community Partnership	Funding (Shelters for Posterity) to Partnership to renovate public shelters on Preston and Paignton seafronts	OSB - 10 July 2019 Outturn report 2018/19	50	30

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2020/21 Budget £000
Torre Valley North Enhancements	Improvements to facilities at Playing Fields	Council – 27 February 2014	127	87
Torquay Gateway Road Improvements	The Council successfully submitted a bid to the Local Transport Board for improvements at Torquay Gateway. The Government subsequently confirmed its funding to the Local Transport Board to support this scheme with the Council approving a contribution to the scheme.	Council – 27 September 2014	2,927	1,550
Regeneration Projects	Council received a report in October 2017 proposing to borrow £25 million to support Town centre Regeneration.	Council 19 th October 2017	25,015	9,405
	Increased budget to facilitate acquisition of Retail Opportunity.	Council	17,080	
	Council agreed additional £100m Torbay Economic Growth Fund allocation to fund further regeneration	Council 18 th July 2019	100,000	700
Western Corridor Improvements	The Council successfully submitted a bid to the Local Transport Board for improvements to the Western Corridor. The Government subsequently confirmed its funding to the Local Transport Board to support this scheme with the Council approving a contribution to the scheme.	Council – 27 September 2014	12,271	200
Sub-total				30,359

Targeted Action 3: A climate fit for the future

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2020/21 Budget £000
Council Fleet Vehicles	Acquisition for replacement refuse vehicles.	Council – 31 January 2019	4,771	1,614
Sub-total				1,614

Targeted Action 4: A Council fit for the future

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2020/21 Budget £000
Corporate IT Developments	Provide improved corporate IT infrastructure and equipment to aid efficiency	Council – 21 February 2019	1,801	642
IT Equipment – TOR2	Improved IT provision to enable efficiency gains following termination of TOR2 contract	Council – 21 February 2019	150	50
Essential Capital Repair Works	Balance of a budget to fund essential capital repair works over four years. The Executive Head – Business Services is authorised to make allocations from this fund to specific schemes.	Council – 25 February 2016	876	811
General Capital Contingency	This is capital provision which is set aside to cover urgent, unavoidable additional capital costs where alternative funding is unavailable. This is	n/a	631	631

	approximately 0.5% of the current four year capital plan. It should be noted that all capital projects should have contingencies within the individual project costs.			
Sub-total				2,134

Investment Fund

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2020/21 Budget £000
Investment Fund	This fund is provided to enable the Council to acquire properties. In addition, the fund will be used to increase the Council's business tax base by investing capital resources within Torbay to stimulate growth. Fund increased to £200 million. Purchases included in capital plan when purchased. Increased budget to enable further acquisitions	Council – 22 September 2016 Council – 8 August 2017 Council -18 July 2019	200,200 100,000	 65,000
Sub-total				65,000

Meeting:	Cabinet	4 February 2020
	Council	6 February 2020
Wards Affected:	All	
Report Title:	Review of Reserves 2020/21	
Cabinet Member Contact Details:	darren.cowell@torbay.gov.uk	
Supporting Officer Contact Details:	martin.phillips@torbay.gov.uk	

1. Purpose

- 1.1 The Council holds a number of reserves as part of its approach to maintaining a sound financial position, protecting the Council to some degree from volatility 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, in support of the 2020/21 budget setting process, Council note the Council’s reserves position.

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 is facing significant financial pressures in 2019/20 from children’s social care with the current predicted overspend on this service of £6.7m (as at quarter three 2019/20). A number of earmarked reserves have been used to support expenditure in 2019/20 to leave an estimated balance of £1.5m to be funded from the Comprehensive Spending Review (CSR) Reserve. This will reduce the forecast level on this reserve to be below the target level.
- 3.3 The Council’s unallocated (general) reserve levels are at a low level. Funding the significant overspend on children’s social care in 2019/20 has reduced the flexibility on Council reserves to below minimum target levels. However the Council has, to date, avoided any use of its general fund reserve. As some mitigation the 2020/21 budget proposals includes an increase of £0.5m to the CSR reserve to maintain the previous £2m target level. As context however the projected 2019/20 overspend for children social care of £6.7m, if repeated in 2020/21, would clear the combined values of the CSR Reserve and the General Fund reserve. This would be a major concern for the Council. As further mitigation to this service’s demand and therefore its financial pressures, the 2020/21 budget proposes a real terms increase in the children’s social care budget of £9m (over 25% increase).
- 3.4 As a direct result of the low level of general reserves it is an option for the Council to approve prudential borrowing of up to £3m to fund items in the capital plan that were to have been funded from revenue or reserves. This results in ongoing borrowing costs which will need to be included in future year budgets, but does give a boost to reserves that are very low. This funding could be added to both the General Fund Reserve and the Comprehensive Spending Review Reserve. This will then provide a higher level of mitigation for the Council by increasing the general fund reserve and increase the Comprehensive Spending Review Reserve to above minimum target levels. This option can be taken by Council in year if financial issues materialise in 2020/21 or future years.

- 3.5 The total balance of reserves may seem adequate however an examination of the individual reserves shows the majority of reserves where the balance is ring fenced, links to a partner or is for a specific future funding issue or a specific future risk, therefore the flexibility to use those reserves to apply to an overspend position is limited.
- 3.6 The other significant reserve risk the Council is holding is in relation to the deficit balance on the Dedicated Schools Grant due to higher demand and cost in relation to children who require additional support. The “negative reserve” is expected to be £3.7m by the end of 2019/20. This deficit, based on DfE guidance, is not a Council issue to fund but should be “made good” from the Dedicated School Grant in future years. However it is unlikely that the deficit will be recovered in the next few years so this is a rising deficit of significant value that the Council will have to cash flow and hold as a negative reserve. It is unclear how the DfE intend to ultimately resolve this issue, therefore this is still an underlying unfunded risk.
- 3.7 Due to the significant financial risks facing the Council in 2020/21 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. Following previous Review of Reserves and the Medium Term Financial Plan, it is recommended that, as a result of the level of current and previous year budget variations, to now target to maintain the balance of the CSR Reserve at a minimum of £3m.
- 3.8 In addition to the rising demand pressures for social care, the future financial risks facing the Council are compounded by the uncertainty, beyond the one year Spending Round 2019, over future funding levels for the Council. In the absence of clarity from central government, councils, including Torbay, will inevitably aim to mitigate against that uncertainty. Uncertainties for Torbay Council include:
- a) No funding allocations for 2021/22 onwards
 - b) Impact of Spending Review 2020 in 2021/22 onwards
 - c) Impact on new funding formula for Councils in 2021/22
 - d) (Probable) Ending of New Homes Bonus Grant in 2021/22
 - e) No allocations for specific grants such as Improved Better Care Fund or Troubled families for 2021/22
 - f) Impact of relative resource (council tax and service) equalisation in 2021/22
 - g) Impact of the new 75% NNDR retention scheme in 2021/22
 - h) Impact of the revised NNDR baselines in 2021/22
 - i) Future funding of Higher Needs Block in new schools funding formula 2021/22
- 3.9 The Council is undertaking a number of activities that have a higher level of risk associated with them. This includes the Investment Fund and both affordable and extra care housing where the Council is investing a significant amount funded by prudential borrowing. Whilst significant business case analysis and due diligence of proposals is undertaken, there is always a risk that the projects will not deliver the income required to cover the “fixed” costs of the borrowing. These more commercial activities carry a higher level of risk and reward which is linked to changes in income streams (such as rent) and also fluctuations in the values of any underlying assets. The level of reserves needs to be considered in this context.
- 3.10 It is clear that the Council has lower levels of General Fund reserves than most other councils.
- 3.11 Members are again reminded of the advice previously given by the Head of Finance, 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.
- 3.12 Head of Finance Statement.**
- 3.13 The Council is continuing to face financial challenges. I am satisfied that the Council’s General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council’s Financial Plans for 2020/21 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment.
- 3.14 This view has to be caveated that if the Council has unforeseen financial pressures, such as an in year budget overspend, then the Council’s ability to fund these variations is limited. However this view can be mitigated if the following actions are undertaken:
- a) The 2020/21 budget plans for an increase to the CSR reserve to achieve a minimum ongoing balance of £3m over the next two years.
 - b) That the Council continues to focus on children’s social care as the biggest financial risk to the Council to deliver the identified improvements supported by a robust financial recovery plan and the sufficiency strategy

- c) That a balanced revenue budget can be set for 2020/21 including a significant increase in the children's' social care budget to reflect actual levels of cost and demand.
- d) That the budgeted Investment Property surplus for 2020/21 is achieved.
- e) That the Council continues to delivers its transformation programme at pace
- f) That Council recognises the option of using borrowing to fund capital plan to enable an increase to reserve levels by £3m if needed

3.14 At this stage with the significant uncertainty in relation to central government funding for 2021/22 I am currently unable to give any assurance in relation to 2021/22. I recommend, however, that the Council continues to be prudent in its use of reserves and plans for future risks and their mitigation. These to include:

- a) Maintaining a balance on CSR reserve of £3m
- b) Protection to current level of General Fund Reserve
- c) No reserves used to balance 2020/21 or future year budgets
- d) Specific material risks still mitigated for – such as insurance, NNDR volatility and investment fund
- e) Regular updates and awareness of the risks identified in the Medium Term Resource Plan
- f) That the Council continues to delivers its transformation programme at pace in medium term
- g) Continued focus on reducing spend in children's' social care

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

Martin Phillips
Head of Finance

Supporting information

A1. Introduction

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

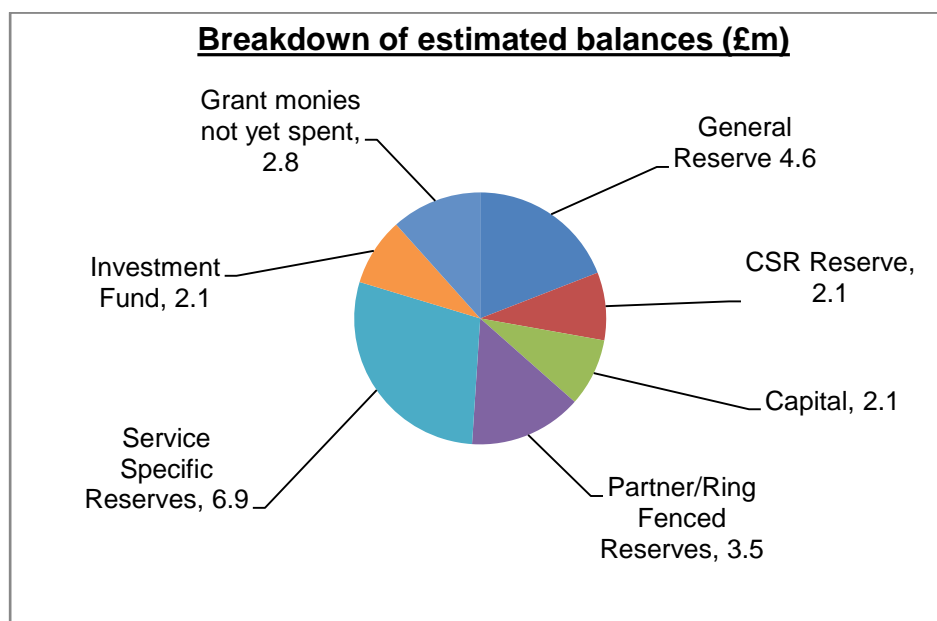
A2 Review of Reserves 2020/21

A2.1 Overview

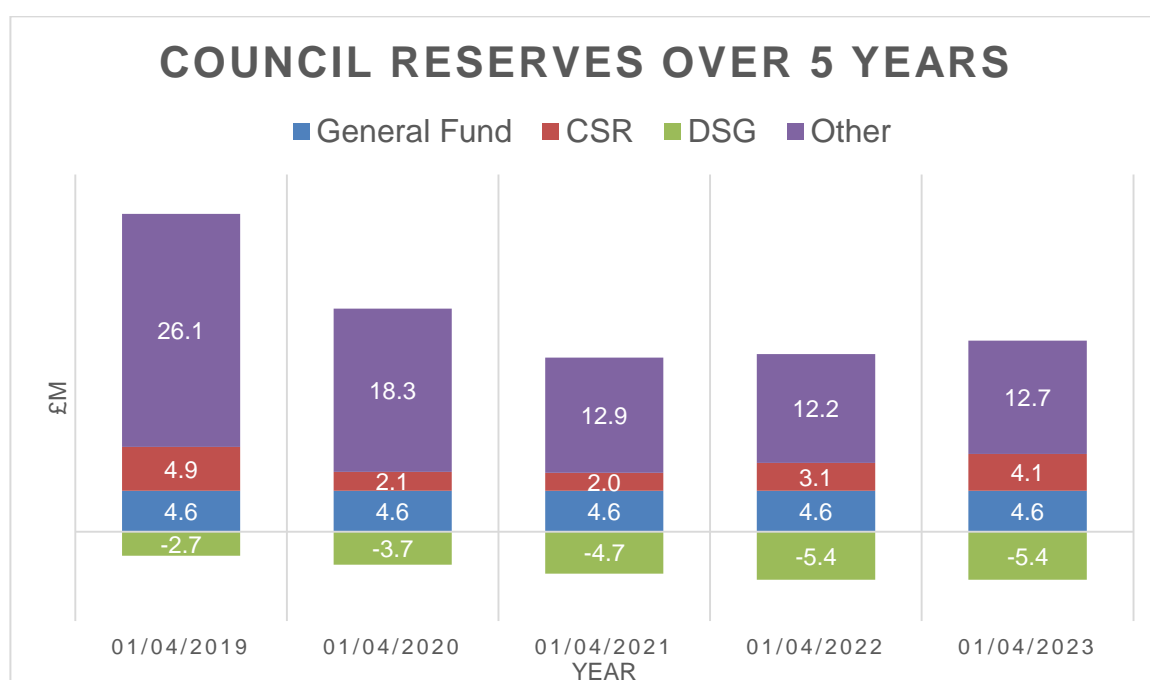
A2.2 As at 31/03/2019 Torbay Council's reserves were as follows:-

	31/3/19 actual	Change in year	31/3/20 estimate
	£m	£m	£m
General Fund Reserve	4.6	0	4.6
Sub Total - General Reserves	4.6	0	4.6
Comprehensive Spending Review Reserve	4.9	(2.8)	2.1
Capital Funding Reserves	3.4	(1.3)	2.1
Grant monies – received, not yet spent	5.6	(2.8)	2.8
Schools	1.0	(0.1)	0.9
Dedicated Schools Grant (NEGATIVE)	(2.6)	(1.1)	(3.7)
Partner/Ring Fenced Reserves	3.6	(0.1)	3.5
Investment Fund Reserve	1.8	0.3	2.1
Other Service Specific Reserves	10.7	(3.8)	6.9
Sub Total – Earmarked Reserves	28.4	(11.7)	16.7
Total Reserves	33.0	(11.7)	21.3

A2.3 From the table above, the estimated balances (in £m) as at 31/3/20 is as follows. The negative balance of on school related grants is excluded but is linked to the higher needs overspend of £3.7m in the dedicated schools grant.



- A2.4 A list of the Council's Reserves as at 31/03/2019 is attached in Appendix 1.
- A2.5 This report is, for another year, highly influenced by the significant financial risks facing the Council predominately from current financial pressures within children's social care (safeguarding and wellbeing). For the next three years from 2020/21 the financial risk from Adults Social care will be mitigated by the revised ICO contract that limits the Council's exposure to financial risk.
- A2.6 The Council's prudent approach to its reserves has enabled the Council to fund the overspend arising in children's social care over the past few years and to part fund the significant £6.7m forecast overspend in 2019/20. However the Council's ability to fund future deficits of that value is now limited and if that occurs will result in a serious financial position for the Council.
- A2.7 Following consideration of the Review of Reserves in previous years, that was approved by Council, it was accepted that the significant financial pressures facing the Council in future years should be noted and "and agreed, as a policy decision, the allocation of additional funds, as required, to the Comprehensive Spending Review Reserve in each budget process to increase, and then maintain, an ongoing minimum balance in the reserve of £2m". This policy remains financially prudent for the Council albeit with a revised target level of £3m.
- A2.8 The Council has had unprecedented financial challenges from reduced funding levels over the past few years and had a further £4m reduction in its Revenue Support Grant in 2019/20 to £6m (from £42m in 2013/14), in addition to any future expenditure pressures such as inflation and increase in demand. Although the Spending Round 2019 will result in a modest funding increase for the Council, there are no funding announcements for 2021/22 onwards.
- A2.9 As outlined in paragraph 3.2 above, given the significant uncertainty facing the Council it is clear that the Council needs to mitigate and plan for variations in income as well as expenditure.
- A2.10 To be able to meet future years' budgets and reduce the reliance on the use of reducing reserves it is essential that the Council progresses and achieves savings and income generation from its Transformation Portfolio and an absolute reduction in the cost of Children Looked After.
- A2.11 Each reserve has been assessed for its estimated balance as at 31st March 2020 and for the estimated additions or withdrawals from the reserve during 2020/21 and future years. This is included in the table at Appendix 1.



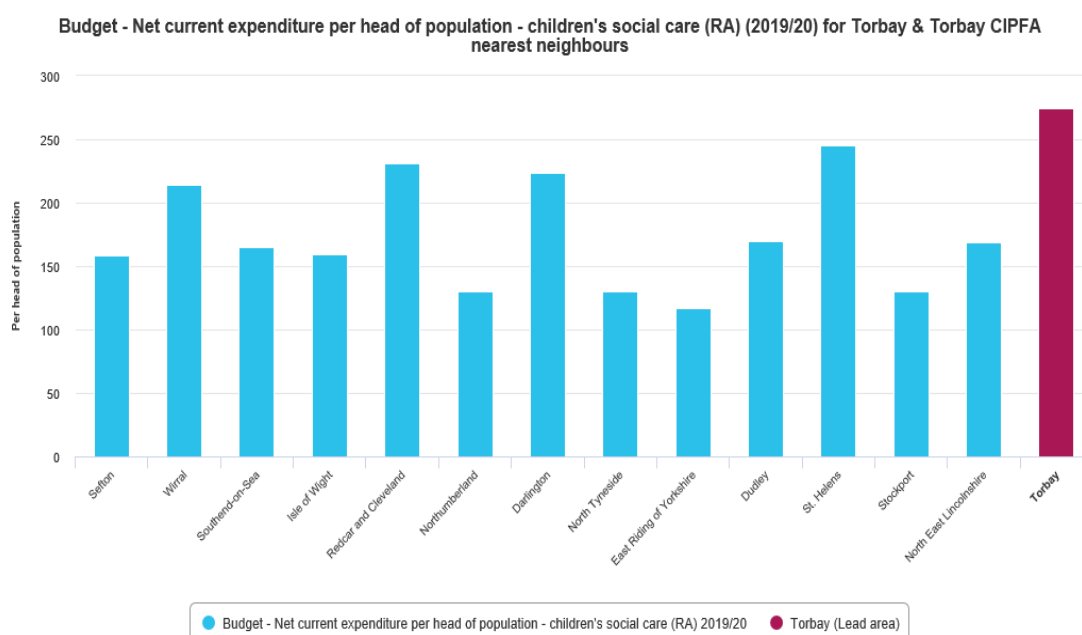
A2.12 The table, (based on this review of reserves), shows that the level of reserves is expected to decrease by £12m during 2019/20 to £21m. The actual balance at year end will depend on spend during the year and any year end service carry forwards from unspent revenue funds and/or unspent grant allocations which usually results in higher reserve levels than predicted.

A2.13 Adults Social Care

A2.14 A new three year agreement has been signed with both the Integrated Care Organisation (ICO) and Clinical Commissioning Group (CCG) with the Council funding a “fixed” annual payment in exchange for no exposure to the risk of changes in cost. This therefore reduces the exposure to financial risk on this service to nil. However if this fixed payment does not exist, at any point in the future, then the Council will again be exposed to the risk of volatility of both demand and cost in this key service.

A2.15 Children’s Social Care

A2.16 This service has experienced a high level of financial volatility over the past few years and has exceeded its approved budget in recent years and is projected to overspend by £6.7m in 2019/20 (quarter three). This higher cost is top of an existing level of numbers/cost which are significantly above the “benchmark” for similar councils.



A2.17 The proposed budget for 2020/21 for the service is being increased by £7m to reflect the current year financial position for children’s services with the aim of setting a robust budget for that service and allow an additional £2.8m for investment in capacity to deliver future service and financial improvements.

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

A3.1 The CIPFA guidance on reserves is to be updated with the introduction of the CIPFA Financial Management Code of Practice in 2020.

A3.2 The Code is expected to state that:

- The aim of reserves is to provide funding for investment in future activities and to act as a safety net in case of short term financial challenges
- Using reserves to fund otherwise unsustainable services or to defer the need to make difficult decisions about service delivery is to be avoided
- The Council should have a policy on the level of reserves it wishes to retain and how these reserves may be used
- The Council should be able to demonstrate that it has used its reserves only for investment in future activities or in the implementation of savings plans rather than to plug funding gaps in the delivery of services

- A3.3 In undertaking a detailed annual review of reserves that is presented to Council, Torbay Council is largely complying with the CIPFA guidance.
- A3.4 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, as at 31st March 2019 the Council’s uncommitted reserves were part of the Comprehensive Spending Review reserve and the Council’s general fund balance (£4.6m) 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 in-year budget variances in social care over the past few years.
- A3.5 The Head of Finance 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.
- A3.6 This position taken by the Head of Finance 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 following paragraphs make specific comments on a number of reserves. A summary of each reserve and their purpose is included as Appendix Two. During 2019/20 a number of balances have been identified by Head of Finance as surplus and these have been transferred to fund the 2019/20 overspend in children’s social care. 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

Due to the significant financial risks facing the Council in 2019/20 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.

In addition to the need to part fund the 2019/20 overspend from this reserve, a number of specific issues are also to be addressed from this reserve including SWISCO set up, youth trust set up, transition costs of both the libraries and toilet contracts, fostering support, 19/20 budget approved transfers and funding for additional posts in the SEN team.

As part of the 2020/21 budget proposals it £0.5m will be allocated to the CSR reserve. However given the levels of budget variation the Council has experienced in recent years, the minimum target reserve level should now be £3m. The contribution of £0.5m with additional contributions in future years will help to provide a higher level of risk mitigation for the Council.

A4.3 Dedicated Schools Grant Reserves

The reserve for Dedicated Schools Grant is estimated to be “negative” by £3.7m by the end of 2019/20. Funding for schools activities are primarily funded through the dedicated schools grant (DSG). The Council does not receive any schools funding within its own grant and funding allocations. This grant is allocated in “blocks” to cover different activities – in 2019/20 these “blocks” are early years, higher needs and schools. The higher needs block has in the past three years have been under financial pressure as a result of an increasing level of referrals from schools for higher needs support for children resulting in a cumulative over spend of £3.7m at the end of 2019/20 expected to rise in the next two years to over £5m which a significant value, which ultimately will need to be funded.

The Council does not receive any funding for schools therefore the over spend will remain in the DSG to be funded in future years and the DFE have confirmed that this is not a cost the Council will fund. As a recognition of this pressure the Schools Forum (who have a governance role in the allocation of schools funding) have been supportive and agreed an allocation of 0.5% of the 2020/21 schools block of the DSG (approx. £0.4m) to part fund this overspend and set up a Higher Needs Recovery group.

DfE have allocated additional funding to the Higher Need Block in the Spending Round 2019 a further £0.7m billion nationally for this issue, which is welcome. However this funding is not expected to be enough to meet the current annual deficit in funding. Confirmation of Torbay's share of this additional funding will be confirmed later in 2019.

The ongoing use of a negative reserve which is likely to increase in future years is currently a significant financial risk that needs to be highlighted to Members.

A4.4 Investment Fund Reserve

The Council has now invested over £231m in investment property and capital loans (as at December 2019) and based on approvals to date could invest another £69m. This, more commercial activity, introduces new risks and rewards for the Council to manage. The risks in relation to variations in income such as changes in rent, void periods, rent reviews, landlord costs etc. This is mitigated by making an annual contribution to a specific reserve that, as a principal is 0.25% per annum of the purchase costs but will vary depend on the risks associated with each property. The key risk is in relation to rent "events" linked to lease renewals as a result the contribution on a number of properties is currently 1%. This will be continue to be reviewed by Head of Finance in light of any known or potential changes.

The projected balances currently reflect known contributions and known withdraws from the reserve. However if any future "rent event" linked to rent reviews or voids results in a cost then there will be higher use of the reserve.

A4.5 Insurance Reserve

The balance as at March 2019 for the insurance reserve was £3.0 million. The Council's insurance manager in consultation with the Head of Finance reviews the earmarked amounts on an annual basis and takes advice from an insurance actuary to ensure the adequacy of the reserves.

The Council currently has a strong low risk profile based on its claims history however this could be adversely affected if the Council incurs a number of higher cost claims. Given the potential long lead in time for certain insurance claims, such as those relating to social care and certain types of industrial diseases, any shortfall in this reserve may not be realised for a number of years. This reserve will require careful monitoring of the impact of future liabilities on a regular basis.

A new insurance risk arising from the purchase of investment properties is to ensure that these properties are adequately covered. This cost under the lease is met by the tenants. Insurance related risks for the Council companies such as TDA and the Housing companies are funded by those companies.

A5 Review of Provisions, other Potential Liabilities and potential risk from Council Companies

All companies owned by the Council are ultimately part of the Council's overall (consolidated) financial position and as CIPFA states that "the statutory role of the CFO does not stop at the boundaries of the local authority but extends into its partnerships, devolved arrangements, joint ventures and companies in which the authority has an interest".

The TDA, 100% owned by the Council, has now established a trading subsidiary Complete Cleaning Solutions Limited and has established or purchased further companies including a housing company (Tor Vista), Kings Ash Holdings and CASE consultancy.

New companies have been establish for some education services and a new company (SWISCO) for the re provision of services currently provided by TOR2.

As the number of council subsidiary companies and the range of activities they undertake expand, as these companies are owned by the Council therefore the Council must ensure it reviews the Company's performance.

In addition to earmarked and general reserves the Council also holds provisions, where appropriate, for 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. The council also holds provisions for future issues mostly in relation to insurance claims where the "time lag" on claims being notified and settled is often over one year and a provision for NNDR appeals. The Council gains or loses a 49% share of any movements in NNDR.

A6 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. The Council holds a NNDR equalisation reserve to help smooth the volatility of income, set at 5% of the Council's annual NNDR retained income under a 49% retention scheme.

Estimates of future year surpluses or deficits are included in the Budget Setting process and reflected in the Medium Term Resource Plan.

A7 Pensions and Loans (Non Treasury Investments)

Pensions: The Council has provided a number of guarantees in respect of pensions when staff have transferred from the Council's employment to an alternative supplier who has set up a LGPS pension scheme as an "admitted body". These are not guarantees to the supplier but to the pension fund in the event of the insolvency of the supplier. 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. As such, under accounting standards (IFRS), these are accounted for as insurance contracts.

Loans: The Council has provided a number of loans to the private sector and to its subsidiary companies. If a loan defaults or under the "expected loss" model of assessing the fair value of a loan then the loss will be charged to the council's revenue budget in the year the loss is recognised. The value of the Council loans is now significant – including £1.4m TDA, £9m to That Group for Torwood Street and £4m to South Devon College. At year end the Chief Finance Officer will assess each loan for actual or potential "expected losses" and will make a charge to revenue in year or set aside funds as a "bad debt" provision as required.

Investment Properties: The Council has purchased a number of investment properties. Risk and reserve management of these is discussed above.

A8 General Fund Reserve -Risk Assessment and Sensitivity/Scenario Appraisal

The Council's General Fund Reserves of £4.6 million represents 4.1% of the Council's net 2019/20 budget. This level of "unallocated financial reserves" is low compared to other unitary Councils and less than the 2019/20 in year variation in children's social care.

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".

A risk assessment of all 2019/20 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 £10.9m million or 9% of 2020/21 draft net revenue budget. An estimate should be added to reflect any, as yet unknown, in year budget pressures, potential Bellwin scheme claims (emergency planning), to reflect the financial risks inherent in any significant new partnerships such as Housing Company and TOR2 re provision, investments, funding changes, outsourcing or capital developments, say £1.0 million. This would result in a required General Fund reserve of £11.9 million or 10% of net budget. The current level of General Fund Reserve will cover just under 40% of this sum.

The risk above has been mitigated as the council is expecting to have a fixed payment to for Adult Social care in 2020/21. This fixed payment does remove volatility from the largest budget/service the Council has. However if this fixed payment does not exist, say after the contract period, then the Council will again be exposed to the risk of volatility of both demand and cost in this key service. In addition the challenges of achieving the ongoing significant budget reductions from central government create a major risk of budget variations.

A12 Risk assessment of preferred option

Outline of significant key risks

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.

The major risks facing the Council at present are the uncertainty of the Council's future funding from 2021/22 onwards and the ongoing financial pressures from both Children's social care and, in the longer term, adults' social care.

As a guide to higher costs in the longer term from changes in demand from the demographic profile of Torbay, the following table shows the ONS estimated population changes in Torbay over the next 10 years.

Age Group	2020 000's	2025 000's	2030 000's	10 year Change 000's	10 year Change %
Up to 4	7	7	7	0	0
5 to 17	22	23	23	1	5
18 to 64	71	71	69	(2)	(3)
65 to 79	27	28	30	3	11
80 and over	10	12	15	5	50
Total Population	137	141	144	7	5

The table shows that there is likely to be decline in the working age population over 10 years with increases on both school age and over 65's. It is the rise in over 65's and within that the increase in the over 80 population that is likely to result in significantly higher social care costs in the longer term. It is essential that the Council has a long term plan for these future demand changes.

It is important for the Council to review its risks and rewards in relation to new activities, such as Investment properties and its interests in its companies if the level of activity in those companies changes. Companies include the TDA and its subsidiary companies, "SWISCO" and Housing companies.

Appendices

Appendix 1	Review of Reserves 2020/21
Appendix 2	Summary of Council Reserves

Appendix 1 – Review of Reserves 2020/21

Reserves	Balance as at 1/4/19 £'000	Balance as at 1/4/20 £'000	Balance as at 1/4/21 £'000	Balance as at 1/4/22 £'000	Balance as at 1/4/23 £'000
General Reserves					
General Fund	-4,623	-4,623	-4,623	-4,623	-4,623
Total General Reserves	-4,623	-4,623	-4,623	-4,623	-4,623
Earmarked Reserves					
Comprehensive Spending Review					
Comprehensive Spending Review	-4,945	-2,134	-1,989	-3,064	-4,139
	-4,945	-2,134	-1,989	-3,064	-4,139
Capital Reserves:					
Capital Funding Reserve	-1,628	-2,093	-518	-268	0
IT Equipment Reserve	-1,798	0	0	0	0
	-3,426	-2,093	-518	-268	0
School Related Reserves					
Dedicated Schools Grant	2,655	3,655	4,693	5,358	5,358
Schools Exit Packages	-150	-112	-84	-63	-47
School Balances	-871	-766	-689	-620	-558
	1,635	2,777	3,919	4,675	4,753
Partner/Ring Fenced Reserves					
Adult Social Care	-914	-1,258	-56	0	0
Devon Audit Partnership	-24	-24	-24	-24	-24
TDA Reserves	-146	-146	-146	-146	-146
Harbours Reserves	-741	-532	-406	-352	-319
Public Health Reserve	-1,447	-1,005	-779	-536	-442
Museum Reserve	-25	-25	-25	-25	-25
Swimming Pool Reserve	-50	-40	-30	-20	-10
Salix Fund	-97	-129	-175	-219	-228
EU Exit Funding	-105	-315	-315	-315	-315
	-3,548	-3,474	-1,956	-1,637	-1,508
Specific issues					
Council Elections	-235	0	-63	-125	-188
Crisis Support Reserve	-564	-464	-364	-264	-164
Growth Fund	-3	0	0	0	0
Equipment Reserves	-199	-199	-199	-199	-199
Geopark	-36	-26	-16	-6	0
Green Travel Plan	-106	-106	-106	-106	-106
Highway Reserves	-384	-340	-300	-275	-250
Housing First	-518	-259	0	0	0
Housing Benefit	-475	-475	-475	-475	-475
Insurance Reserves	-3,049	-3,019	-2,989	-2,959	-2,929
NNDR Collection Fund	-1,307	-480	-480	-480	-480
Office Accommodation Reserve	-249	0	0	0	0
Oldway Mansion Reserve	-258	0	0	0	0
Planning Reserve	-298	-209	-69	0	0
PFI Sinking Fund	-791	-663	-299	0	0
Regeneration Reserve	-227	-27	-27	-27	-27
Town Centre Regeneration	-167	-75	-32	-5	-5
Section 106	-35	0	0	0	0
Service Carry Forwards	-1,082	-420	-297	-266	-257
Tourism	-12	0	0	0	0
Transformation Reserve	-252	-126	0	0	0
Waste Strategy	-446	-10	0	0	0
	-10,955	6,907	-5,717	-5,189	-5,082

Investment Fund					
Investment Fund	-1,804	-2,093	-2,923	-3,759	-4,840
	-1,804	-2,093	-2,923	-3,759	-4,840
Grants - received not spent					
Grants - received not spent	-5,549	-2,776	-950	-597	-577
	-5,549	-2,776	-950	-597	-577
Total Earmarked Reserves	-28,330	-16,693	-10,134	-9,839	-11,393
TOTAL RESERVES	-32,953	-21,316	-14,757	-14,462	-16,015

Name of Earmarked Reserve	Description of Reserve	Responsible Officer
Comprehensive Spending Review		
Comprehensive Spending Review Reserve	To fund costs associated with meeting budget reductions as a result of the Government's comprehensive spending review.	Martin Phillips Head of Finance
Capital Reserves		
Capital Funding	To reserve funding for items in the approved Capital Plan Budget.	Martin Phillips Head of Finance
IT Equipment Reserve	To provide funds for priority driven replacements of IT equipment. Reserve to fund costs of the purchase of a replacement case management system for children's social care	Matt Fairclough-Kay Interim Head of IT
School Related Reserves		
Dedicated Schools Grant	Reserve to reflect the position on the ring fenced dedicated school grant – currently negative balance pending recovery plans.	Nancy Meehan Director of Children's Services
Schools Exit Packages	Reserve to support the costs of redundancies for schools based staff	Rachael Williams Head of Education
School Balances	Reflects the carry forward by schools of their delegated school budget share.	Rachael Williams Head of Education
Partner/ Ring Fenced Reserves		
Adult Social Care	Reserve for any adult social care funding to be used to support adult social care	Jo Williams Interim Director of Adult Social Care
Regeneration/TDA Reserve	Reflects the value of funds awarded to the TDA where the work has yet to be completed.	Kevin Mowat Director for Place
Harbours	Torquay, Paignton and Brixham Harbours – To finance Harbour expenditure schemes for the purpose of Harbour Users.	Kevin Mowat Director for Place
Public Health	Reflects carry forward of ring fenced funds for Public Health	Caroline Dimond Director Public Health
Museum Reserve		
Swimming Pool Reserve	Reserve established as part of 2018/198 budget proposals to support unplanned expenditure or income variances for community run internal swimming pools.	Kevin Mowat Director for Place

Specific Issues		
Crisis Fund	Reserve to support the costs of social fund and exceptional hardship	Tara Harris Executive Head Community Services
Employment (Growth Fund) Reserve	Reserve established from the New Homes Bonus grant to create a Growth Fund to support employment opportunities.	Kevin Mowat Director for Place
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 activities	Kevin Mowat Director for Place
Highways Reserves	Reserve holding funds received under Highways Acts and other legislation where the Council holds funds to do works.	Ian Jones Head of Highways
Housing Benefit Subsidy	Reserve to mitigate variations to the Council's housing benefit subsidy	Tara Harris Executive Head Community Services
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 Director Corporate Services
NNDR Equalisation Reserve	Reserve to smooth the volatility of NNDR income including appeals, s31 grant and the performance of the Devon wide NNDR pool.	Martin Phillips Head of Finance
Office Accommodation Reserve	Reserve to help meet the short term revenue costs of the rationalisation of office accommodation.	Kevin Mowat Director for Place
Oldway Mansion Reserve	Reserve funded from the developer contribution to be used for the benefit of the Mansion.	Kevin Mowat Director for Place
Planning Reserve	To provide for costs of Local Plan Inquiry held every 4/5 years and Masterplan delivery.	Kevin Mowat Director for Place
PFI Sinking Fund	To provide funds to meet the liabilities under the PFI agreement over 25 years (The Spires and Homelands Schools) and to provide funding towards Paignton Community College expansion project.	Nancy Meehan Director of Children's Services
Regeneration Reserve	A reserve to support economic regeneration and employment initiatives	Kevin Mowat Director for Place
Town Centre Regeneration	Reserve established to fund the staffing and feasibility costs associated with the Town Centre Regeneration project	Kevin Mowat Director for Place
Service Carry Forwards	Balance of any Service specific Carry Forward of budget	Martin Phillips Head of Finance
Tourism (Strategic Events) Reserve	Reserve established in 2012/13 to support tourism and events.	Kevin Mowat Director for Place

Transformation Reserve	Reserve to support expenditure on projects associated with the Council's transformation programme.	Anne-Marie Bond Director Corporate Services
Waste Disposal Strategy Reserve	Reflects the reclassification of part of the equipment fund as a specific reserve for Waste Disposal Initiatives.	Kevin Mowat Director for Place
Investment Fund		
Investment Fund Reserve	Reserve to mitigate any variations in income or costs associated with Investment Fund properties such as void and rent free periods	Kevin Mowat Director for Place
Grants – received but not spent		
Grants recognised but not used	Reflects the value of revenue grants (without conditions) received by 31 st March but not yet used to support expenditure	Martin Phillips Head of Finance
Miscellaneous		
Misc. Specific Reserves	Includes: Council Elections, Devon Audit Partnership, Green Travel Plan. Museums and Salix (energy initiatives).	Various



Meeting: Cabinet **Date:** 4 February 2020

Council **Date:** 7 February 2020

Wards Affected: All

Report Title: Capital Strategy 2020/21

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately

Cabinet Member Contact Details: Darren Cowell, Cabinet Lead for Finance,
darren.cowell@torbay.gov.uk

Supporting Officer Contact Details: Martin Phillips, Head of Finance,
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1. Proposal and Introduction

- 1.1 The Council has a statutory responsibility to comply with the CIPFA Prudential Code (revised December 2017) which is the “proper practice” document linked to the Local Government Act 2003. Part of this compliance is to approve a Capital Strategy
- 1.2 The Capital Strategy is the policy framework document that sets out the principles to be used to guide 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
- 1.3 The Prudential Code places more emphasis on the risks associated with Council capital activities in particular the higher risks associated with more commercial activities and requires the Chief Finance officer to “report explicitly on the affordability and risks associated with the capital strategy”.
- 1.4 In accordance with the Council’s Constitution, the Capital Strategy is required to be approved on an annual basis.

2. Reason for Proposal

2.1 The Council has a responsibility to approve a Capital Strategy each year.

3. Proposal

3.1 That the Capital Strategy 2020/21 be approved

4. Supporting Information

4.1 The Capital Strategy is an overarching document. There are clear links to other documents such as

- Treasury Management Strategy – the operational plan for management of treasury activities including borrowing.
- Asset Management Plan – the operational plan for management of assets
- Capital Plan and quarterly Budget Monitoring – the key documents for the financial reporting on the capital plan, both its expenditure and funding.

Appendix 1 – Capital Strategy



CAPITAL STRATEGY
& CAPITAL RECEIPTS STRATEGY

February 2020

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1. Introduction

The Council has a range of capital resources at its disposal, which it uses to deliver services and to achieve its strategic objectives. These resources will include land and buildings, such as offices, schools, parks and open spaces, highways and much more.

The Council's ability to maintain these assets so as to ensure and to enhance their role in the delivery of services is crucial to its financial resilience. If assets fall into disrepair, they are no longer able to fulfil their primary purpose, then the Council's ability to deliver the associated services is impaired and it has resources tied up in assets that it cannot use.

Consequently, planning and managing the use of the Council's capital resources is vital. This includes understanding the role that these assets play in the delivery of services and ensuring that the authority's asset base remains fit for purpose.

The Corporate Asset Management Plan and the Transport Asset Management Plan provides information on the sustainability of these assets and the efficient use of the asset portfolio to provide value for money. These Plans are available on the Council's website at:

<https://www.torbay.gov.uk/council/policies/corporate/amp/>
<https://www.torbay.gov.uk/council/policies/highways/transport-asset-management-plan/>

When incurring capital expenditure there is an element of risk that needs to be managed by the Council. This risk could be:

- whether an asset will deliver benefits projected
- the accuracy of the estimates of running costs and income at the time of acquisition
- and whether it is prudent to borrow for this expenditure.

Over the last few years local authorities, including Torbay, have been purchasing property to make an investment return. This investment has provided an income stream to the revenue budget and helped to offset some of the budget pressures arising from increased demand and reduced funding from central government. These assets will have different characteristics and risk especially where an authority has funded the acquisition through borrowing.

This Strategy and the Investment and Regeneration Fund Strategy show how this risk is managed. The relevant legal powers are identified in the Investment Strategy. The Investment and Regeneration Strategy is available on the Council's website at:

<https://www.torbay.gov.uk/council/policies/corporate/investment-strategy/>

Therefore the Capital Strategy provides a high level overview of how capital expenditure, capital financing, investments, liabilities and treasury management activity contribute to the provision of services, together with an overview of how associated risk is managed and the implications for future financial sustainability.

1.1 Regulation

Authorities are required by regulation to have regard to the **Prudential Code for Capital Finance in Local Authorities** when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. **The key messages from the Code is, in relation to capital expenditure, the consideration of Prudence, Affordability and Sustainability.**

CIPFA's Prudential Code provides a framework for the self-regulation of the authority's capital financing arrangements. It requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital and revenue planning.

A Capital Strategy is part of the Prudential Code requirements and sets out the long-term context in which capital expenditure and investment decisions are made and that gives due consideration to both risk and reward and to the impact of the strategy on the achievement of the authority's priority outcomes.

The Capital Strategy will reflect the standards outlined in the **CIPFA Financial Management Code of Practice**. The first full year of compliance to the Financial Management Code will be 2021/22. The Council has started to work towards meeting the compliance date.

The Financial Management Code of Practice has been issued by CIPFA 'to provide guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively'. The Financial Management Code applies to all local authorities and brings together statutory requirements and Codes of Practice into one document.

In 2019 CIPFA issued a further publication regarding the provisions in the Prudential Code relating to the acquisition of investment properties. This is not new guidance but an explanation for existing guidance and considerations for undertaking such activity.

1.2 Objectives of the Capital Strategy

The Capital Strategy is one of the Council's key documents in providing a long/medium term plan. It will be consistent with the plans and strategies shown below. This Strategy should be considered with the following plans to provide a fully integrated transparent Plan for the Council:-

- The Corporate Asset Management Plan
- Transport Asset Management Plan
- The Medium Term Financial Plan
- The Capital Plan
- The Annual Revenue Budget
- The Treasury Management Strategy
- The Investment and Regeneration Fund Strategy

The Capital Strategy is therefore the policy framework document that sets out the principles to be used to guide 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. In addition as part of the Strategy the Head of Finance reports explicitly on the affordability and risk associated with the capital strategy.

Inevitably the full picture of the control system around the Council's wide range of capital expenditure and its funding is reflected in a range of documents, monitoring and management arrangements. A summary of five key aspects of capital activities are shown in the table below

Capital Expenditure	Debt and Borrowing Treasury Management (TM)	Commercial Activity	Other Long-Term Liabilities (e.g. PFI schemes)	Knowledge, Skills and competence
<ul style="list-style-type: none"> •strategic service plans + asset management plans + capital strategy •pipeline process •capitalisation rules •long-term forecasts •basis of estimating future costs and sensitivity to risk •sustainability of the asset base 	<ul style="list-style-type: none"> •projections of external debt and internal borrowing •how debt will be repaid •authorised limit and operational boundary •how TM decisions are made and how they are scrutinised 	<ul style="list-style-type: none"> • proportional and affordability i.e. dependency of budget on commercial activity •proportionality on the balance sheet •policies for approval and scrutiny •on-going management •implications of borrowing 	<ul style="list-style-type: none"> •identification and approval •on-going monitoring •creation of liabilities on the balance sheet 	<ul style="list-style-type: none"> •knowledge and skills available • Professional Competence in specialist areas •use of advisers •training plans
Key Documents				
<p>Capital Strategy</p> <p>Asset Management Plan</p> <p>Transport Asset Management Plan</p> <p>Council Reports</p> <p>Capital Budget</p> <p>Quarterly Budget Monitoring Reports</p> <p>Statement of Accounts</p>	<p>Treasury Management Strategy</p> <p>TM Mid-Year Review</p> <p>TM Outturn Report</p> <p>Revenue Budget</p> <p>Medium Term Resource Plan</p>	<p>Capital Strategy</p> <p>Investment and Regeneration Strategy</p> <p>Capital Budget</p> <p>Revenue Budget</p> <p>Medium Term Resource Plan</p> <p>Statement of Accounts</p>	<p>Treasury Management Strategy</p> <p>Statement of Accounts</p>	<p>Treasury Management Strategy</p> <p>Investment and Regeneration Strategy</p>
Key Committees and Meetings				
<p>Council</p> <p>Cabinet</p> <p>Capital & Growth Board</p>	<p>Audit Committee</p> <p>Council</p>	<p>Audit Committee</p> <p>Cabinet</p> <p>Council</p>	<p>Audit Committee</p> <p>Council</p>	<p>Audit Committee</p> <p>Cabinet</p>

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 2. Expenditure outside this definition will be 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 3,700 asset records has a Balance Sheet value as at the 31st March 2019 of approx. £504 million (£445m as at 31/3/18), of which £149 million (£115m as at 31/3/18) are Investment Properties. Investment properties are 30% of the non-current asset base. The outstanding borrowing as at 31/12/19 was £375m with £18m of long term liabilities in relation to PFI schemes. The borrowing for investment properties is 57% of the outstanding borrowing as at 31.12.19

The Capital Strategy is presented to Council as a Policy Framework document, and links with both the Treasury Management Strategy, Medium Term Resource Plan and the Corporate Asset Management Plan which is the key **operational** asset plan covering repairs and maintenance.

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 Strategy 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

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 capital schemes initially funded from borrowing, the Council will have to fund the principal repayment and interest costs, these ongoing borrowing costs are unavoidable.

The Council is only able to borrow 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, although in some cases approval of individual schemes within an overall allocation by Council have an alternative approval process (such as by Cabinet).

The Prudential Code was revised in December 2017 and requires authorities to ensure that decisions for capital expenditure and investment plans are made with sufficient regard to the long run financing implications and potential risks to the authority and include effective due diligence.

Based on the Council's latest Capital Plan update (Quarter 3 2019/20) the 2020/21 Treasury Management Strategy recognises the potential need to take an additional £255m (2020/21 to 2022/23) of borrowing in years (net of MRP) to support a number of capital projects, potentially increasing the Council's overall debt to be £635m.

Based on current economic forecasts a borrowing cost 3.5% should be assumed for new borrowing in 2020/21.

A summary of the Council's current and projected borrowing position identifying the approved schemes that have/will resulted in the borrowing are listed in Appendix 1. This is a useful summary for Members to understand the assets financed from borrowing.

The Council takes a prudent 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). However the Council has changed its risk appetite in recent years and is now approving a significant number of projects that are more commercial in nature. All new proposals for a self-funding or invest to save scheme supported by borrowing must have a robust business case that is presented to senior members and officers prior to approval by Council.

Each business case, as appropriate, must clearly identify and consider the ongoing revenue implications of:-

- fixed interest and principal repayment costs
- associated income stream and sensitivity
- volatility of the income stream
- the contribution to the general fund or breakeven point
- the sensitivity of the that contribution
- achieve the target return linked to the purpose of the spend
- ensuring asset value exceeds outstanding debt
- Demonstrates value for money
- Project sustainability
- Exit strategy and costs

All of the above need to be considered for the whole life of the asset.

Each business case must clearly identify and consider the ongoing balance sheet implications of:-

- the change in the level of Council debt
- address how changes in asset value will be funded i.e. capital appreciation and impairment and the total of assets funded by borrowing
- Maintenance of asset to ensure sustainable use

To ensure all member are fully informed of the risks and rewards associated with borrowing reporting will include:-

- Total debt of the Council
- The underlying assets funded by that debt
- Affordability - Ongoing revenue costs of principal and interest
- Income Streams associated with that asset
- Implications of changes in asset values or income streams

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

There may be the need for borrowing that has no identifiable future revenue stream, for example, to repair or construct infrastructure assets. Here a broader view can be taken of the value of repairing the asset to the overall economy of the Bay. The cost of such borrowing falls on the tax payer through payments of debt interest on the Council's revenue account

and repayment of debt over a specified period of time. There may still be a need for such borrowing but each proposal should be reviewed on a case by case basis with the project evaluation clearly stating how the borrowing is to be afforded. Given the significant ongoing financial challenges facing this Council over the next few years it is likely that such schemes will be an “exception”.

The Council’s Treasury Management Strategy provides further information on the Council’s borrowing strategy for the coming financial year:-

<https://www.torbay.gov.uk/council/policies/finance-policies/treasury-management/>

2.2 Long Term Capital Liabilities

The Council can also finance capital expenditure by means of a long term PFI contract, whereby the private sector company will build and then supply an asset (usually with services as well) back to the Council for a specified number of years. At the end of the contract the asset transfers to the ownership of the council. The value of the asset and the associated liability over the life of the contract to fund that asset is reflected on the Council’s balance sheet. As with borrowing, any Council decisions on agreeing contracts that result in a long term liabilities are made with sufficient regard to the long run financing implications and potential risks to the authority and include effective due diligence.

Council’s may also lease in assets for service delivery rather than purchase. Depending on the lease terms, including the length of lease, these assets and the associated liability over the life of the lease to fund that asset is reflected on the Council’s balance sheet. Changes in International Financial Accounting Standards (IFRS16) in relation to lease recognition from 2020/21 (with a restated comparative year of 2019/20) may result in more leased in assets and liabilities being reflected on the Council’s balance sheet.

2.3 Grant Allocations

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 a significantly lower level than in the last decade.

Any un-ring fenced capital grants received will be reported to Council. The presumption is that the grants will be allocated in line with the service intentions of the identified government body awarding the grant, however Council has the option to reallocate. Once capital grants have been allocated to a specific service, individual schemes within that allocation are subject to each individual scheme being approved by the relevant Director in consultation with the Leader of the Council and Head of Finance.

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 Leader of the Council and Head of Finance prior to submission. Where external grants are used the grant conditions of linking to the capital grant and future use of the asset need to be adhered to.

In October 2019 Cabinet strengthened the governance around capital bids and acceptance of capital funding by resolving:

- (i) that Council Directors ensure that all bids submitted for their portfolio are checked by them for accuracy;
- (ii) significant decisions made by Officers should have formal Record of Decisions, irrespective of whether or not the legal test for their preparation is met;
- (iii) meetings, such as ones where the Leader and Group Leaders were consulted, should be minuted in the future;
- (vi) all future bids for Government money must be made and submitted in accordance with the Constitution; and
- (vii) that Officers ensure that the submission of all future bids are in accordance with Council Policies.

2.4 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)
- Repayment of loans for a capital purpose

Asset Disposals

The 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 previously incurred expenditure that has not yet been met. All capital receipts received should be allocated to support this target and not allocated to new schemes, subject to any potential use of capital receipts under the Capital Receipts Strategy and any loan repayment. An asset disposal will be deemed to occur when the Council transfers the freehold or a long lease (usually for leases 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.

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

Asset Disposals at nil consideration or below market value

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

The Localism Act 2011 introduced the “Community Right to Bid” and placed a duty upon local authorities in England to maintain a list of assets of community value. 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 is required to be approved by Council. This will also apply where the disposal is for a community or service benefit.

Right-to-Buy Clawback

100% of these receipts are currently used to support the provision of the approved Housing Strategy, although this policy could be reviewed to provide additional resources for projects in other service areas.

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 will not be allocated to a specific service but will be allocated under the CIL arrangements (“the Regulation 123 List”) in line with Council’s capital scheme priorities including any specific funding requirements such as the South Devon Highway with the allocation of the “neighbourhood proportion” made after the funds have been received.

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 by full Council and accounted for as capital expenditure. The repayment of a 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 Council’s outstanding loan.

2.5 Capital Receipts Strategy

MHCLG have revised their statutory guidance in relation to the Local Government Act 2003 on the use of capital receipts for the period from April 2016 to March 2022. This provides Councils with the flexibility to use capital receipts for “the revenue costs of service reform”. This flexibility is subject to a Strategy for the use of capital receipts being approved by full Council. By approving this document Council will be approving this flexibility to be used as appropriate with any use reported to Council as an amendment to the Council’s capital plan.

Potential uses for capital receipts, (subject to the capital receipts being received and Council approval of changes to capital plan), would be to support any implementation costs for the Council’s transformation programme. MHCLG within their statutory guidance have included a number of examples of the type of expenditure that would meet the definition of “revenue costs of service reform”.

The Council has used this flexibility in the past but there is no plan for its use in the 2020/21 revenue budget due to the lack of anticipated capital receipts.

2.6 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.

Once a revenue contribution has been applied to a capital project it cannot be returned to revenue. However the Council would be able, subject to the approval of the Head of Finance, to use prudential borrowing to replace any revenue or reserve funding used or proposed to be used. This will result in a **one off** return of revenue funding to the Council's revenue budget offset by higher MRP and interest costs to fund the prudential borrowing costs in future years.

2.7 Prioritisation and Approval

It is always difficult to make choices between competing priorities within a top tier Council that delivers so many varied services. It is the responsibility of senior officers and members to consider and prioritise the competing demands for capital resources in the context of the limited central government funding now awarded.

The Council maintains and reports on a rolling four year capital plan (including its funding) that is updated and reported to Senior Leadership Team and Members on a quarterly basis. The capital plan will include any capital expenditure approvals by Council in the previous quarter.

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

- 1) A service can submit a capital business case for consideration by the Head of Finance and the officer Capital and Growth Board at any stage of a financial year. The capital business case will be linked to that service's needs.
- 2) For a specific scheme to be approved/funded there will be a requirement for a detailed capital business case. The capital business cases are to be initially submitted to both the Head of Finance and the officer Capital and Growth Board prior to wider consultation with the Council's senior leadership team and the Executive.

If a scheme is to be funded from (previously approved by Council) allocations the scheme will be approved as stated in the approval or, if the approval process not stated, by the Chief Executive in consultation with the Cabinet Lead for Finance and Head of Finance 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 the Chief Executive, in consultation with the Cabinet Lead for Finance and Head of Finance, 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 Chief Executive in consultation with the Cabinet lead for Finance.

- 3) Proposals for invest to save or self-financing schemes, (usually financed from prudential borrowing), will also require a detailed capital business case. The capital business case are to be initially submitted to the Head of Finance and the officer Capital and Growth Board. If the scheme is supported it will be recommended to Council for approval.
- 4) Any recommendations for schemes to be approved by Council will be included in the next quarterly Capital Plan Update Report.
- 5) 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.
- 6) 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.
- 7) Where specific approval process has been set up and approved by Council e.g. Cabinet for Investment Fund or Regeneration Fund purchases or Head of Finance for Housing Company loans that process will apply.

2.8 Affordability and Sustainability of Proposals

The Prudential Code also requires that, in making its capital investment decisions, the Council should have explicit regard to option appraisal and risk, asset management planning, strategic planning for the authority and achievability of the forward plan.

The Capital Business Case will identify the projected running costs and financing costs of the relevant asset and assessed the affordability of the proposals both for the initial investment and over the life of the asset. In all cases the capital expenditure and any ongoing costs must be sustainable in relation to the Council's medium term financial plans.

These to include consideration of:

- service objectives, e.g. strategic planning for the authority;
- stewardship of assets, e.g. asset management planning;
- value for money, e.g. option appraisal;
- prudence and sustainability, e.g. risk, implications for debt and whole life costing;
- affordability, e.g. implications for council tax/district rates; and
- practicality, e.g. achievability of the forward plan.

Where an asset is directly linked to generating an income or rental stream, such as an Investment Property, the initial Capital Business case (or Council report) will need to consider the future risks to those revenue returns and how these will be mitigated. This may result in the creation of an earmarked reserve for both income volatility and future asset related expenditure.

2.9 Management and Monitoring of Capital Plan

The key objective of the Council's management and monitoring of the Capital Plan is to ensure that all Members and the Council's senior leadership team, have visibility of the capital plan and the approval of individual capital projects to encourage collective responsibility for the capital expenditure on a project and the success of the schemes themselves.

The Council's senior leadership team should ensure that progress against the programme – in terms of expenditure and timescales – is in line with what has previously been agreed. Where projects are exhibiting cost overruns or delays in the completion schedule, these should be addressed promptly.

Arrangements to include:-

- 1) Overview and Scrutiny Board and Cabinet will receive 3 quarterly monitoring report and one outturn report each year.
- 2) A Capital budget for forthcoming year will be part of each financial year's budget proposals
- 3) The officer Capital and Growth Board now reviews the Council's Capital Plan and the governance arrangements associated with its various projects
- 4) Senior Leadership Team and the Cabinet to have responsibility for the oversight and challenge on the delivery of the capital plan including slippage and outcomes.
- 5) Capital business cases are to be initially submitted to both the Head of Finance and the officer Capital and Growth Board prior to wider consultation with the Council's senior leadership team and the Executive.

2.10 Alternative Funding and Delivery Opportunities

As Council capital funding is reduced the Council will continue to consider other 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 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 Cabinet Lead for Finance and Head of Finance prior to submission and/or contractual commitment.

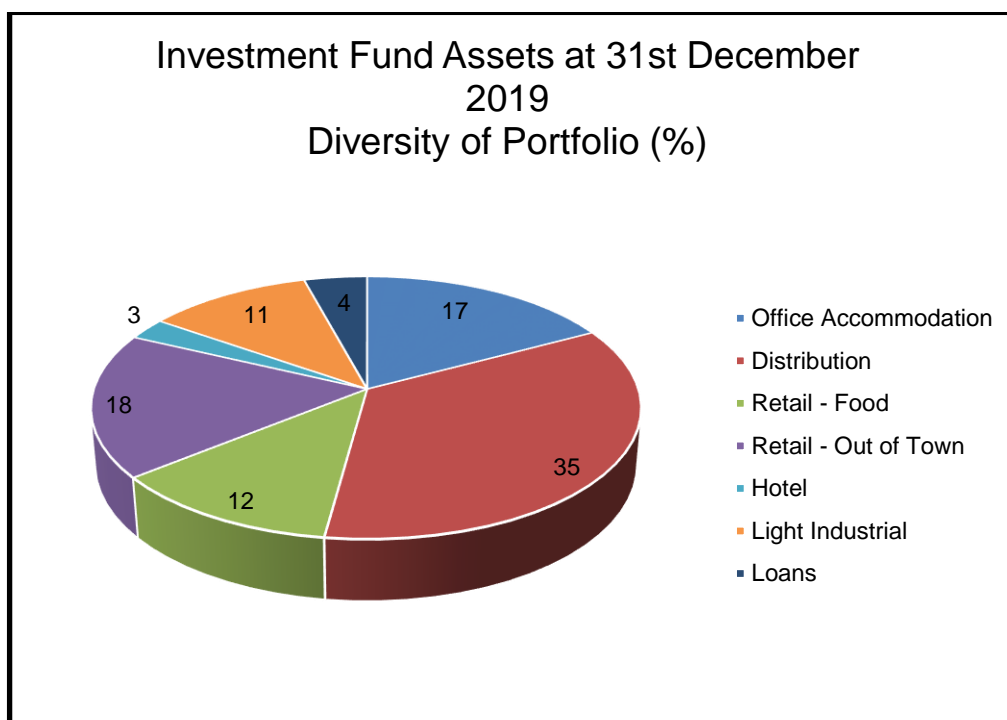
2.11 Investment Opportunities – Non Treasury Investments

Linked to its approach to borrowing and the Council's Investment and Regeneration Strategy the Council will consider, if the opportunities arise and there is a "multiple benefit", 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. CIPFA has classified investment properties as a Non Treasury Investment for reporting purposes and included in the Treasury Management Code of Practice.

The Council will continue to review the both the MHCLG statutory guidance and any sector led commentary and opinions associated with this activity.

The risks associated with investment properties and the Council's strategy in mitigating these risks are outlined and described in the Council's Investment and Regeneration Fund Strategy last update approved by Council in July 2019. Council has now set the investment boundary to the Greater South West peninsula and the Functional Economic Market Area (FEMA). The Council has received counsel opinion that it could purchase investment properties on a national basis with the diversification of the Council's property portfolio, and therefore its risks, over a range of sectors and geographical locations. This approach has yet to be formally agreed with the Council's external auditor.

At the 31st December the Council had invested of the approved Investment Fund in the following sectors to ensure diversification.



The Council's Treasury Management Strategy Statement also includes references to the monitoring and reporting of the Council's Non Treasury Investments (NTI). The Strategy is available on the Council's website at:-

<https://www.torbay.gov.uk/council/policies/finance-policies/treasury-management/>

2.12 Proportionality of Non Treasury Investments

Throughout this Strategy the impact of Non treasury Investments have been considered but in this section specific indicators are provided in relation to proportionality. There are two main aspects to the proportion of investment property held:-

Income (see 3.2)

To monitor the reliance of the revenue budget on income generated from these investments an indicator should be set based on, the ratio of commercial income to net service expenditure.

It is considered that the revenue account could reasonably absorb in year unexpected shortfalls at this level:-

- as any known potential rental shortfalls have been built into the revenue budget
- considering the diversification within the Council's portfolio it is unlikely all properties would be affected at the same time
- a reserve is held for rental "events" such as void period or rent free periods.

It should be noted that if an investment property is sold the funds received will be a capital receipt and cannot be taken to the revenue account e.g. to offset the loss of an income stream.

Financing Costs- affordability (see 3.2)

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 For Torbay investment income includes income from investment fund properties and the effect of this is also shown.

2.13 Asset Disposal Strategy

Purchases of assets are primarily to be retained in the long term. However the benefit of selling the assets will be regularly reviewed by Director of Place in consultation with the TDA Head of Estates for potential disposal at which point any outstanding debt will be repaid. The review will need to consider the resulting impact on the Council's revenue budget and any impact of operational delivery from the lost income stream and any costs of disposal.

2.14 Loans for Capital Purposes

Loans for a capital purpose can also be approved by full Council subject to a business case and due diligence on the borrower including as appropriate guarantees and bonds to secure the repayment of the loan. The loan value should not exceed the value of the underlying asset and there should be no third parties legal charge on the asset. Interest will be charged on the loan at a market rate, this will include loans to Council subsidiary companies. This will ensure compliance with State Aid regulation.

2.15 Capital expenditure and assets held by wholly owned subsidiary companies

The Council has overall control of these entities and therefore is ultimately responsible for the companies' assets and liabilities. The controls of any subsidiary's activities are controlled by the Council's through 'reserved matters' listed within the memorandum and articles of

association of the company. These 'reserved matters' cover capital expenditure and the making of any borrowing. The assets and liabilities of all council companies would be consolidated into the Council's group accounts.

As these capital assets and liabilities are part of the council's overall financial position the Council will report on the total group assets and liabilities and the associated risk and reward.

2.16 Training and Skills

The Council needs to ensure that all decisions in relation to capital are properly informed.

Linked to the Treasury Management Strategy a list of officers and members and their relevant qualifications and training undertaken will be maintained. Training will be provided as required.

In relation to skills the Head of Finance, Monitoring Officer and Director of Place will ensure that the appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required.

Due to the complexities associated with commercial property investment training has been provided to officers and members to provide sufficient competence to understand and evaluate the advice they are being given and to enable decision making within the authority's risk appetite.

The Council's knowledge and skills will be complemented by the use of advisers and agents as required.

2.17 Treasury Management Links

All capital decisions to be funded by prudential borrowing will directly impact on the Council's Treasury Management activities. The level and timing of the capital expenditure will be reflected in the capital plan once approved and in the strategic cash flow forecasts to plan for the required borrowing. The resulting costs (Interest and MRP, an average cost of 5% of capital cost) and any income to fund those costs will be included in the standard budget monitoring and budget setting process.

Total borrowing will also be monitored by the annual setting of both the Operational and Authorised Limits (for borrowing).

2.18 Balance Sheet Issues

The impact of capital projects and any prudential borrowing used have an impact on the Council's balance sheet.

- 1) Increase in the value of the Council's non-current assets
- 2) Increase in the value of Council's long term debtors (if capital loan provided)
- 3) Increase in the Council's long term borrowing
- 4) Maturity profile of borrowing and repayment of borrowing
- 5) Profile of capital loan repayments
- 6) Increase/decrease in Capital Financing Requirement (CFR) - borrowing offset by MRP.
- 7) Annual depreciation on operational assets
- 8) Annual revaluation or impairment on operational assets
- 9) Annual valuations of investment properties
- 10) Impact on Council's cash flow in delivery stage or on purchase
- 11) Impact on Council's cash flow at time of borrowing

The value of non-current assets should always aim to exceed the value of the outstanding liabilities. In addition the value of the outstanding liabilities should not exceed, in the medium term, the Capital Financing Requirement (which is the measure of a Council's underlying need to borrow).

3. Head of Finance Statement on Delivery, Affordability and Risk of Capital Strategy

3.1 Background

The current guidance for a council's level of borrowing is the Prudential Code (December 2017) and as "proper practice" must be adhered to. The following extracts from the Code summarise the Code's approach to level of borrowing (self-regulating) and the governance that should apply.

"the local authority shall ensure that all its capital and investment plans are affordable, prudent and sustainable.

'A local authority shall determine and keep under review how much money it can afford to borrow.'

"the level of capital investment that can be supported will, subject to affordability and sustainability, be a matter for local discretion"

"a local authority must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed"

3.2 Torbay Council Borrowing Position

All borrowing	Estimate 20/21 as at 31/12/19	Projected as at 31/3/23
	£m	£m
External Borrowing including PFI	394	635
<i>Of which investment fund</i>	235	300
	2020/21	2022/23
Revenue budget	£116m	£116m
Interest and repayment of principal costs per annum	21	31
Interest repayment cost as a % of net revenue budget	18%	27%
Investment Fund Rental Income (estimate)	(£15m)	(£18m)

Potential impact of investment market fluctuations

1. Value of rental income on investment properties decreases by 10%. Assuming £300m invested, revenue budget will have a shortfall of £3.0m pa.
2. Value of underlying asset decreases by 10%. Assuming £300m invested and no capital appreciation, balance sheet value will fall of £30m as an unrealised loss.
3. General economic conditions may affect the both the rental income and asset values such as economic downturn, post Brexit sentiment and the retail environment. Locally tenants may choose not renew leases or re-negotiate a lower rental.

3.3 Summary of the borrowing position

It can be seen that the risk principally lies in the Council's investment portfolio. The remainder of the borrowing is linked to a range of operational assets which are expected to be used in the long term and have a full provision for the full recovery of principal over the asset life. All operational assets are supported by a robust business case and while there is a risk in income returns not being achieved overall these are not significant.

In relation to investment properties these are more sensitive to the market fluctuations identified above. A MRP is applied to repay the borrowing over the estimated asset life (up to the maximum 50 year asset life identified in the MHCLG Statutory Guidance). An Investment Fund reserve is used (funded from rental income) to mitigate against future income volatility on these assets which is reviewed by the Chief Finance officer for adequacy on an annual basis.

Due to the current low borrowing rates the Council has fixed all of its loans and adopted a flat maturity profile, this mitigates the risk of increasing rates in the long term. However borrowing will increase the council's fixed interest and borrowing costs to be in excess of £20m in 20/21, which will be an annual charge to the revenue budget. This fixed cost is partially offset by income streams from the assets funded from borrowing.

3.4 Head of Finance Report

Within the Prudential Code It is the responsibility of the Chief Finance Officer to explicitly report on the delivery, affordability and the risks associated with this Strategy.

Delivery

The delivery of the individual schemes on the plan are directly linked to the original approval of the capital project supported by each project having a client officer and an project manager who are responsible for the delivery of the project (appropriate skills, contracting, planning etc.) and the subsequent achievement of the objectives of that project.

Members, via Overview and Scrutiny and Cabinet receive quarterly updates to the capital plan. These updates are driven by the requirement by financial reporting, however in doing so Members can review and challenge the delivery of projects and any changes to both the timing and value of the capital plan.

If subsequent to the capital project being completed there are variations to the income expected to be generated from that asset, these will be reported as a variance in the quarterly revenue budget reporting and if ongoing be included in the following years revenue budget proposals.

The Council's senior leadership team has oversight for the delivery of and challenge to the capital plan.

Affordability

Affordability is critical in applying the capital strategy and approving projects for inclusion in the capital plan. This is mostly demonstrated by a specific report on the project being presented to council for approval supported by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards for the approval of the scheme.

All projects need to have a clear funding source. If external funding such as an external grant is to be used there needs to be a clear funding commitment.

Affordability of each project needs to be clear, not only for the funding of the capital spend, but also to cover any ongoing costs of the operation and funding of that capital spend.

Where borrowing is to be used the affordability is key and that affordability has to include the interest costs of that borrowing and the provision for the repayment of the borrowing. This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The “rules” around the governance of this borrowing is outlined in the prudential code (as summarised above).

At no stage should the asset value be lower than the value of outstanding debt, other than for a short period, unless there is a clear plan to mitigate that shortfall or to sell that asset.

Risks

The risks associated with a significant capital plan and a significant level of borrowing can be mitigated and indeed should be mitigated as “business as usual”. I.e. all capital projects are supported by business plan, have adequate project management and/or project boards, suitable skills for the delivery of the project, tax planning, cash flow, clear operational plan for the use of the asset, use of specific committees, security and due diligence on loans and purchases, use of external advice where appropriate, project contingencies, full tender process and regular and transparent reporting to members.

There are clear links from the capital plan to both the treasury management strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by members at Audit Committee and Council.

For any new borrowing, and this is a greater risk as the value of borrowing increases, this does increase the councils overall liabilities that will need to be repaid in the future. In addition this increases the Council’s level of fixed interest and repayment costs that it will incur each year. This is currently increasing rapidly and could exceed a borrowing liability of £635m and ongoing fixed costs of approx. £31m per annum by 2022/23. This is a clear risk that all members need to be aware of.

However this risk for all assets is mitigated by a robust business case and a full MRP that will repay the borrowing costs over a (prudent) asset life. Any variation in expected income is an issue however given the wide range of operational assets and different income streams this is not a significant risk.

As outlined above in the position statement, investment properties are a different type and level of risk. Risk arises from both variations in income streams (tenant non-renewal etc.) and from asset values (impact economic conditions and retail trends etc.). The Council has established a clear strategy, criteria and a governance route for these purchases (Cabinet and Council) which has included member training, second opinion on asset values, due diligence, site visits, surveys etc.

The Council is aware of the risks relating to investment into commercial property and ensures appropriate advice is sought before, during and after investment decision making. Due to the nature of commercial investment, advice has been sought from advisers and agents with specialist knowledge and the experience required.

There are risks (and rewards) associated with the purchase of this type of assets, therefore all members need to have sight of, and understand the risks and rewards inherent in these commercial investments.

Conclusion

The current system of borrowing is still a self-regulatory system which means that responsibility for borrowing decisions, and the level of borrowing incurred by a Council are determined at a local level. In particular elected members have a key role.

“..the responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with full Council”. Prudential Code December 2017

The Head of Finance’s personal view is that borrowing decisions result in a long term commitment to fund that borrowing, and that all decision making should be as transparent as possible both to all Members and the residents of Torbay.

The pace and level of change in the council’s borrowing is significant. The Council’s capital financing requirement, its underlying need to borrow, by the end of 2022/23 could be £635m with a £31m ongoing revenue cost (assuming a 5% annual cost of MRP and interest) offset by rental or interest income from capital expenditure with a revenue stream.

Therefore all members need to be fully informed as to all implications of its capital investment decisions, in particular those funded from borrowing.

Summary of Assets funded by Council Borrowing

Appendix 1

	Borrowing Cost	Total Repayment period	Income Stream or saving to cover Debt
	£m (rounded)	years	
DCC Transferred Debt from 1998	18	50	
Supported Borrowing – mostly schools and transport spend from 1998 to 2010.	73	50	
Sub Total:	91		
Individual Schemes funded or part funded from borrowing (>£1m rounded)			
Beach Chalets	2	10/25	Yes
Brixham Regeneration	4	40	Yes
Car Parks	1	25	No
Haldon pier	2	25	No
Inner harbour pontoons	1	25	Yes
Office Rationalisation	7	25	Yes
Paignton Library	3	40	Yes (Part)
Princess Promenade	2	25	No
South Devon Highway	15	40	No
Street Lighting	1	4	Yes
Toilets	1	25	No
Torquay Town Dock	1	25	Yes
Capital loan – Kings Ash House	1	25	Yes
Wren Park – Investment	21	50	Yes
Ferndown – Investment	27	50	Yes
Gadeon House – Investment	17	50	Yes
Fugro House – Investment	21	50	Yes
Capital Loan - South Devon College	4	100	Yes
Capital Loan – Care Home	1	25	Yes
Employment Space – White Rock	7	25	Yes
Medway – Investment	32	50	Yes
Clennon Valley Improvements	2	12	Yes
Woodwater House – Investment	10	50	Yes
Twyver House - Investment	13	35	Yes
The Range - Investment	9	35	Yes
Factory Unit Bodmin - Investment	3	35	Yes
Edginswell Business park - Land	3	40	Yes
Brixham Breakwater	1		
Sub Total:	212		
Total Borrowing Requirement – as at 1/4/19 (Actual debt £303m)	303		

2019/20 Individual Schemes funded or part funded from borrowing			
Torwood Street – Loan – Investment	9	10	Yes
Distribution Depot, Exeter – Investment	15	50	Yes
Hotel, Chippenham - Investment	6	35	Yes
Distribution Centre, Didcot - Investment	35	40	Yes
Cinema, Taunton - Investment	11	40	Yes
Fleet Vehicles	3	7	No
Capital Loan – Business Units	2	25	Yes
Toilet Reprovision	1	25	Yes
Paignton Harbour Lights	1	25	Yes
Retail Property	17	35	Yes
Town Centre Regeneration	2	35	Yes
Investment Fund	4	TBC	Yes
MRP in year	(5)		
Sub Total:	101		
Total Borrowing Requirement – as at 31/12/19 (Actual debt £375m)	£404m		
Borrowing approved but due to be spent in future years			
Old Toll House	1	35	Yes
Claylands Redevelopment	7	25/40	Yes
Edginswell Business park - building	4	25/40	Yes
Major Structural Repairs	1	25	No
South Devon Highway (Remainder)	1	40	No
Town Centre Regeneration (TCR)	14	25	Yes
Harbour View Car Park – TCR	9	35	Yes
Capital Loan – Housing Company	25	25	Yes
Regeneration Fund	99	TBC	Yes
Balance of Investment Fund	65	TBC	Yes
Crossways	10	TBC	Yes
Fleet Vehicles	2	7	No
RICC Improvements	2	25	Yes/(part)
Sub Total:	240		
Estimated Borrowing Requirement – as at 31/3/21	644		
<i>PFI Schemes – EFW & Schools</i>	18	25	No
<i>MRP and Debt Repayment</i>	(27)		
Estimated Capital Financing Requirement – as at 31/3/23	635		

Note: The **capital financing requirement** is a calculation based on the Council's balance sheet to reflect the Council's underlying need to borrow to finance its capital expenditure. This calculation also includes any other long term financing of its assets such as PFI schemes and finance leases. Actual borrowing may be higher or lower than the capital financing requirement at a point in time, but in the medium term actual council borrowing and asset related liabilities should not exceed this value.

Appendix 2 – 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.