

**Meeting:** Overview and Scrutiny Board  
Council

**Date:** 12<sup>th</sup> September 2018  
20<sup>th</sup> September 2018

**Wards Affected:** All Wards

**Report Title:** Budget Monitoring 2018/19 – Quarter One

**Is the decision a key decision?** No

**When does the decision need to be implemented?** n/a

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## 1. Purpose and Introduction

- 1.1. This report provides a **high level** budget summary of the Council's revenue and capital income and expenditure for the financial year 2018/19.
- 1.2. As at the end of quarter one 2018/19 the Council's **Revenue** budget is predicting an over spend of £2.9m for the financial year, primarily as a result of demand pressures resulting in expenditure pressures in children's social care. This level of overspend is a real cause for concern and in the absence of any compensating savings in other services the Council has to identify options to fund the over spend.
- 1.3. Consequently the Council's Senior Leadership Team have already put in place arrangements for a moratorium on all spend that is not urgent or required to meet statutory duties. The Chief Finance Officer has arranged additional processes to monitor and challenge orders and contracts placed by the Council. The Chief Finance Officer has also allocated the entirety of the uncommitted balance on the CSR Reserve in order to contribute to meeting the in-year overspend.
- 1.3. The **Capital** Plan budget totals £216 m for the 4 year programme, with £86 m currently scheduled to be spent in 2018/19, including £45m on Investment Fund acquisitions, £2.6m on the Western Corridor and £12m on various Regeneration projects. The Capital Plan requires £1.0 million from (new) capital receipts and capital contributions over the life of the Plan.
- 1.4. Appendix three is an expanded narrative of the **capital schemes** expected to incur expenditure in 2018/19 with a specific update for each project. This aims to provide members with greater oversight of the progress on capital projects rather than a focus exclusively on financial issues.

## 2. Recommendation (s) / Proposed Decision

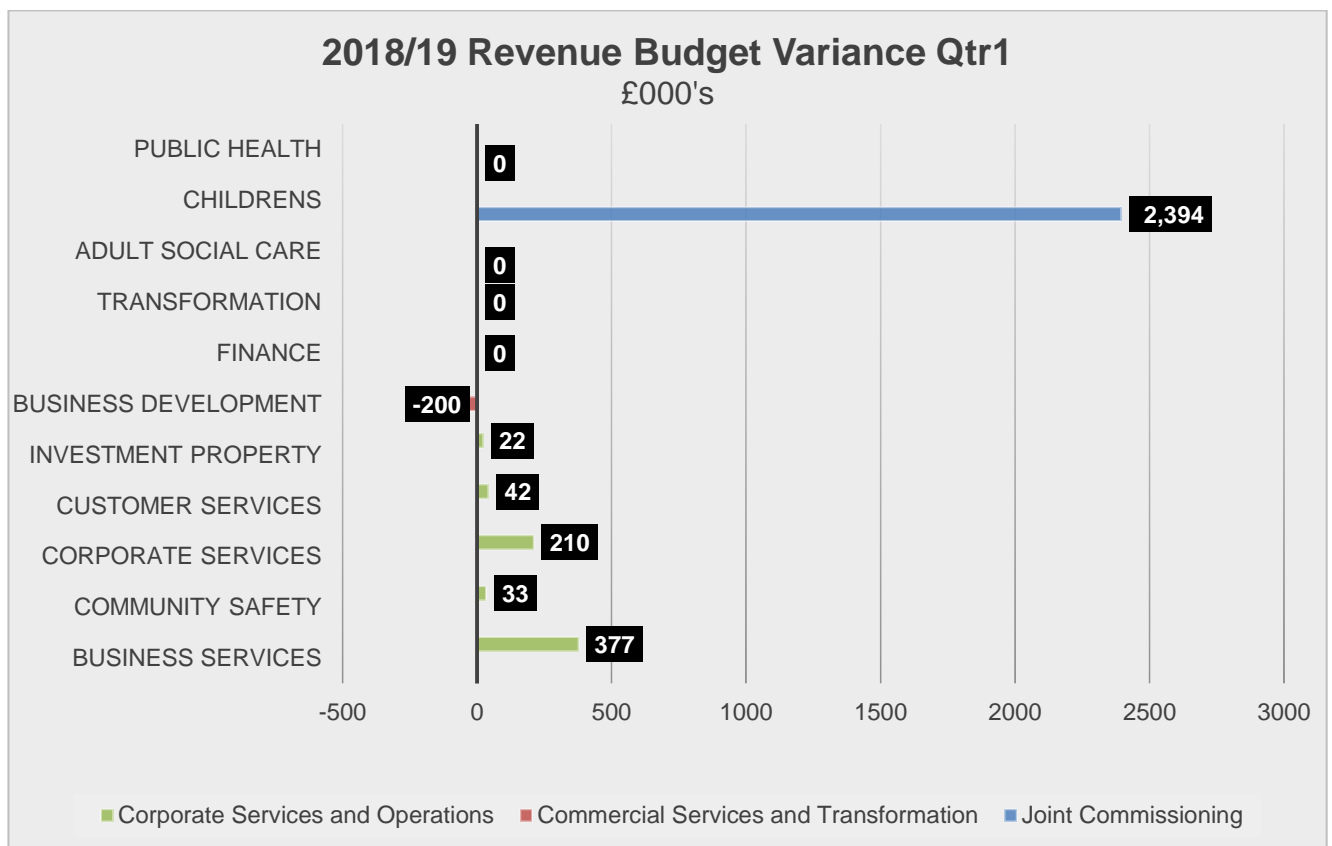
2.1 Overview and Scrutiny Board: That the Board considers the current position and make any comments and/or recommendations to the Council.

## 3. Reason for Recommendation/ Proposed Decision

3.1 Council: Monitoring Report for review and information.

## 4. 2018/19 Revenue Budget Summary Position

4.1 As at Quarter 1 the Council's revenue budget is predicting an over spend for 2018/19 of £2.9m, primarily as a result of issues in Children's Services, offset in part by under spends in other services. The budgets are presented in line with the Council management structure that was applicable from November 2017, however since some appointments were not made a revised management structure will take effect from the 1<sup>st</sup> August 2018. A bar chart summarising the projected budget variance by service for 2018/19 is as follows:



### Children's Social Care

4.2 The 2018/19 budget for Childrens' social care was increased by £3m, a 10% increase on the 2017/18 budget to reflect the levels of spend, in particular on looked after children.

- 4.3 In the past six months the service has experienced a further 20% increase in looked after children numbers. In December 2017 the number of Looked After Children was 293 which had increased to 358 by the end of June 2018. Anecdotally other Councils in the south west and nationally are also experiencing a rise in numbers, but not at the percentage increase Torbay is currently experiencing.
- 4.4 A recent article by the County Councils Network outlines a national overspend in 2017/18 in children's social care of £816m, a 10% variation to budget. Since 2011 the number of vulnerable children in county areas taken into care increased by 35%. In a similar period Torbay's spend on children's social care increased significantly more than the national position.
- 4.5 It is clear that the current position of increasing demand for social care combined with ongoing reductions in core funding is not sustainable. It is important that the Council ensures that its voice is heard to ensure that future funding for local government recognises these increased and unavoidable costs.
- 4.6 Partly as a result of the increased national demand for children's social care there is an ongoing challenge to attract and retain experienced social care staff. As a result at the end of June 2018 the service was employing 50 agency staff which creates an additional financial pressure upon the service.

#### Higher Needs Block – Special Education Needs

- 4.7 As previously reported the schools' higher needs block in the Dedicated Schools Grant has been under financial pressure as a result of an increasing level of referrals from schools for higher needs support for children resulting in a forecast over spend in 2018/19 of £2m. 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 is not a cost the Council will fund.
- 4.8 The overspend in previous years has resulted in a "negative" DSG reserve of £1m. The 2018/19 projected overspend will increase that to a cumulative deficit of £3m. This overspend has been "made good" by DSG funding in future years.
- 4.9 The Council will continue to work directly with schools to jointly work on a solution to this issue. A Higher Needs Recovery group including schools representatives was established earlier this year and is due to report back to Schools Forum in October 2018 with options to reduce spend and/or fund the overspend from school budgets. The Council, with the Schools Forum, will have to set a balanced budget for 2019/20.
- 4.10 Anecdotally other Councils in the south west and nationally are also experiencing a rise in numbers, however there is no indication of any additional funding from central government to meet the higher levels of demand and cost.

#### Investment Property

- 4.11 In the first quarter of 2018/19 the Council completed the purchase of an investment property that had exchanged in March 2018 for a total of £12m. Subsequently in August the Council completed the purchase of another investment property for £10m

including costs. The costs of the borrowing required for the purchases are to be funded from future rental streams.

### Adult Social Care

- 4.12 2018/19 is the fourth year in the five year risk share agreement for adult social care whereby the Council makes a fixed payment to the Integrated Care Organisation. The Integrated Care Organisation itself has a challenging savings target for 18/19 and is currently forecasting that there is a risk that their (NHS set) control target will not be achieved by the end of the financial year. As a result there is likely to be an ongoing discussion with the Council and the CCG about the application of the Council's 2018/19 allocation of Improved Better Care Fund. Council, CCG and ICO are also considering a further 5 year risk share based on future strategy for health and care. A Memorandum of Understanding for consideration will come to PDG in October 18 and a proposed set of future financial commitments to council in March 19.

### NNDR

- 4.13 The Council is part of the Devon Wide 100% NNDR retention Pilot in 2018/19. This Pilot is for one year only and MHCLG have invited bids from areas to participate in a 75% NNDR retention scheme in 2019/20. A 75% scheme reduces the overall gain for areas by half compared to that of a 100% scheme. It is expected that the number of Pilot areas for 2019/20 will be limited and a higher number of bids are expected.
- 4.14 The initial monitoring of the 2018/19 position of all the Devon Councils in the Pilot is positive with a higher level of gain forecast for the Pilot. However it is early in the financial year and NNDR income can be volatile. It is likely that Torbay will include a higher than budgeted gain in 2018/19 when the quarter two position is forecast.
- 4.15 Detailed Position- The budget position for each service is shown in the table below:

Service	2018/19 Budget			Forecast Full Year Variance
	Expenditure £000s	Income £000's	Net £000's	
Adult Social Care	52,021	(11,099)	40,922	0
Children's Services	81,798	(49,886)	31,912	2,394
Public Health	10,097	(722)	9,375	0
<b>Joint Commissioning</b>	143,916	(61,707)	82,209	<b>2,394</b>
Business Development	11,360	(2,390)	8,970	(200)
Financial Services	20,658	(20,056)	602	0

Transformation	793	(329)	464	<b>0</b>
<b>Commercial Services and Transformation</b>	32,811	(22,775)	10,036	<b>(200)</b>
Business Services	29,902	(17,631)	12,271	377
Community Services	4,082	(1,432)	2,650	33
Corporate Services	6,214	(1,744)	4,470	210
Customer Services	66,890	(63,468)	3,422	42
Investment Properties	4,945	(7,997)	(3,052)	22
<b>Corporate Services and Operations</b>	112,033	(92,272)	19,761	<b>684</b>
<b>Gross Revenue Budget</b>	288,760	(176,754)	112,006	<b>2,878</b>
Sources of Funding	397	(112,403)	(112,006)	0
<b>Net Revenue Budget</b>	289,157	(289,157)	0	<b>2,878</b>

A narrative of the position in each service area is as follows:

<b>Service</b>	<b>Variance to Budget £m</b>	<b>Main Variances in 2018/19</b>
Adult Social Care	0	Fixed payment agreed with ICO for 2018/19
Children's Services	2.4	As detailed earlier
Public Health	0	Ring fenced budget
Commercial Services and Transformation	(0.2)	Expected savings in concessionary fares and lower than budgeted waste tonnages.
Corporate Services and Operations	0.7	Projected over spend in planning, governance, human resources, legal services, investment properties (income target on pre 2017 investment properties not being met).  Income shortfall in printing offset in part by salary savings in exchequer and benefits.  Income budgets projected not to be fully achieved in land charges, resort services, licensing, events and sport pitches.
Sources of Funding	0	

<b>Total</b>	<b>2.9</b>	Projected over spend
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## **5 Action to Mitigate Overspend**

- 5.1 A projected overspend of £2.9m for the year based on the first quarter is a real cause for concern. The estimated “unallocated” balance on the Comprehensive Spending Review Reserve is £1.7m which is insufficient to fund the projected overspend. In order to protect what remains of the CSR Reserve the Chief Finance Officer has allocated it to contribute to meeting the in-year overspend.
- 5.2 The Chief Finance Officer has discussed the position with the Elected Mayor and his Executive Leads and the Senior Leadership Team and as a result a moratorium on all spend that is not urgent or required to meet statutory duties has been initiated with a target saving in excess of £1m to be achieved in the year.
- 5.3 The Chief Finance Officer has arranged additional processes and control around the monitoring and authorisation of orders, reviews of new procurement activity and reviews of any new suppliers requested by services.
- 5.4 The Chief Finance Officer with the support of the Senior Leadership Team is also:
- a) Reviewing earmarked reserves to both; apply reserves to spend in 18/19 where possible and transfer any “surplus” earmarked reserves to the CSR reserve.
  - b) Reviewing the Capital Plan to “return” any revenue funding allocated to as yet unspent capital projects.
  - c) Reviewing corporate expenditure to consider whether any expenditure can be transferred to future years.
  - d) Reviewing the Capital Plan to consider the “pausing” of capital projects, including schemes using prudential borrowing that are funded from the Council’s revenue budget.
- 5.5 All the above are short term or “one off” measures to support the current position. The implications of the 2018/19 forecast on both the 2019/20 budget and reserve levels will be included in the Elected Mayor’s budget proposals to be issued in early November 2018.
- 5.6 The impact of the actions taken/proposals will be included in future monitoring reports.
- 5.7 A number of the current projected overspends, (children, planning, legal services, human resources) are linked to challenges in staff recruitment resulting in agency staff being employed at a higher cost. In all these services the managers are trying to recruit permanent staff as soon as possible.

### Risks & Sensitivity

- 5.8 The predictions for the full year outturn in this report are based on three months of financial information and will be subject to changes in assumptions, demand and the impact of the action taken in year to mitigate the projected overspend.
- 5.9 There are a number of financial risks facing the Council. Key risks are shown below:

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Achievement of approved savings for 2018/19	Medium	18/19 Budget monitoring and "saving tracker" monitored by senior staff.
Achievement of Children's Services cost reduction plan	High	Regular monitoring of performance and recovery plan.
Identification, and achievement, of £14.7m of savings for 2019/20 to 2021/22 per Medium Term Resource Plan March 2018	High	Transformation Team set up to coordinate the implementation of potential transformation savings.  Senior Leadership Team and Mayor's Executive Group considering options for future years.  Mayor's 2019/20 budget proposals to be issued in early November 2018.
Unable to recruit staff and need to use agency staff.	High	Children's Services have experienced difficulties for several years. This issue is now appearing in other services.
Pressure achieving income targets in some services	Low	A number of services are not meeting their income targets (which increase by 3% each year).
Additional demand for services particularly in children's social care	High	18/19 Budget monitoring, use of service performance data and recovery plan.
Investment Property Income changes	Low	Regular review of income and tenant negotiation

## **6. Balance Sheet issues**

### Borrowing

- 6.1 In quarter one the Council borrowed a further £5m, primarily to fund investment property acquisitions. Total borrowing as at 30<sup>th</sup> June 2018 was £272m. A further £5m was borrowed in July 2018. Borrowing is below the approved Operational and Authorised limits for the year.

### Council Subsidiary Companies

- 6.2 The Council has interests in a number of companies. The financial performance for 2017/18 of these companies is included in the Council's statement of accounts (link below).

<http://www.torbay.gov.uk/council/finance/statement-of-accounts/>

- 6.3 All of these companies form part of the Council's group boundary, therefore Members should be aware of the assets and liabilities of these companies.

## Debtor – Write offs

6.4 The total value of debtor write offs in the first quarter of 2018/19 was:

Service	Number of records written off	Value of write offs £000's	Number over £5,000
Council Tax	970	287	1
NNDR	29	123	7
Housing Benefit	72	42	2

6.5 Any write offs in the quarter over £5,000 are reported to Members in exempt Appendix One. This appendix also provides details of 5 NNDR and 2 Housing Benefit write offs over £5,000 which were written off in quarter 4 2017/18 but not reported.

## 7 Capital Plan Summary Position

7.1 The Capital Plan Budget has been updated for any further revision to both projects and timing, resulting in the latest revision attached at Appendix 1. The Plan now totals £216.4m over the 4 year period of which £85.8 m relates to 2018/19 and £99.5m relates to 2019/20.

7.2 The movements in the estimate of expenditure in 2018/19 on the Capital Plan between the last monitoring report at February 2018 of £138.2m and the current approved budget for 2018/19 of £116.9m are shown below. Please note the format of this table shows schemes ordered by Council's Targeted Actions, as is Appendix 1.

Scheme	Variation in 2018/19	Change £m	Reason
<b>Estimate as at Q3 2017/18</b>		<b>138.2</b>	Capital Plan Update – 2017/18 Quarter 3 (Report 8th Feb 2018)
<b>Budget changes since last report (Q3 2017/18)</b>			
Scheme budgets brought forward from 2017/18 and year-end adjustments.	Budget moved to 2018/19	14.6	For details see 2017/18 Capital Outturn report (Council 21 June 2018)
		<b>152.8</b>	
<b>Protecting Children</b>			
Brookfield Site	New Scheme	1.5	Develop and improve site of Brunel Academy (formerly Torbay School)
Capital repairs & maintenance 18/19	Additional resources	0.4	New grant allocation



Devolved Formula Capital	New grant allocation	0.1	2018/19 ring fenced grant allocation
Healthy Pupils and additional Special Needs	New grant allocations	0.1	Govt grant allocations
Medical Tuition Service relocation	New project	0.6	Council (April 2018) approved relocation of service to Parkfield Part budget to 2019/20
	Phasing of budget	(0.4)	
New Paignton Primary School	Additional funding	0.1	Transfer budget from Torbay School Relocation
Torbay School Relocation	Budget transfer	(0.1)	Part reallocated to New Paignton Primary School. Part reallocated to Brookfield Site development Transfer to future years
	Reduced budget to fund other scheme	(1.5)	
	Rephase budget	(1.0)	
		<b>(0.2)</b>	
<b>More Prosperous Torbay</b>			
Claylands Redevelopment	Budget moved to 19/20	(4.3)	Latest review of estimated expenditure
Edginswell Business Park	Budget moved to 19/20	(6.5)	Project delayed by pending negotiations.
Investment Fund	Increase budget	0.2	Landlord contribution funded from Earmarked Reserve Rephased to future years based on profile of purchases
	Budget moved to future years	(35.4)	
Oxen Cove Shellfish Facility	Budget moved to 2019/20	(0.4)	Project pending funding application
Town Centre Regeneration	Budget moved to future years	(6.0)	Expenditure likely to be incurred from next year.
Transport – Highway Structural Maintenance	Additional budget	0.2	Indicative 18/19 Incentive element allocation Additional Pothole Action Fund
		0.2	
Transport – Integrated Transport Schemes	Budget moved to 19/20	(0.2)	Part budgets moved to future years
Transport – Torquay Gateway	Part of Budget moved to Western Corridor and budget moved to 19/20	(1.7)	Main parts of scheme temporarily on hold
Transport – Western Corridor	Latest budget review	(0.7)	Transfer budget to reflect latest estimates
Upton Place	Budget moved to 2019/20	(10.2)	Project delayed.
		<b>(64.8)</b>	
<b>Attractive and Safe place</b>			
Brixham Breakwater	New Scheme	1.8	Major repairs funded from Essential Repair budget & External Grant funding
		2.1	
Beacon Quay Decking	New Scheme	0.1	Funded from surplus resources on Princess Pier

Princess Pier – Structural repair	Transfer part budget	(0.1)	Transfer surplus funds to Beacon Quay decking
Public Toilets modernisation (Inn on the Quay)	Additional budget	0.1	Funding for Inn on the Quay toilet block
Torre Abbey Phase 3	New Scheme	1.1	Council (14 May 2018) approved Torbay contribution. Transfer to 2019/20
	Budget moved to 19/20	(1.0)	
		4.1	
<b>Protect and Support Vulnerable Adults</b>			
Adult Social Care	Budget allocation	0.7	Part of DFG 2018/19 grant allocation
Affordable Housing	Increase budget	0.2	Budget increased by Right To Buy receipts 2017/18 Transfer to future years
	Budget moved to 19/20	(0.2)	
Housing Company	Budget moved to future years	(5.0)	Budget moved to future years
Empty Homes & Private Sector	Budget moved to future years	(0.6)	Improvements to supply in progress
Disabled Facilities Grants	Budget allocation	1.0	Part of DFG 2018/19 grant allocation
		(3.9)	
<b>Corporate Support</b>			
Essential capital repairs	Budget reallocation	(1.7)	Budget transferred to part fund Bxm Breakwater repairs. Budget from 2019/20
	Budget moved to 19/20	0.1	
General Contingency	Budget moved to 2019/20	(0.6)	Contingency unlikely to be required this year
		<b>(2.2)</b>	
<b>Estimate – Quarter One 2018/19</b>		<b>85.8</b>	

## 8 Updates to Capital Plan:

There are a number of variations to budgets on various schemes as detailed below.

### 7.1 Protecting Children

7.2 Brookfield Site – proposals to improve and develop this site for the Brunel Academy (formerly Torbay School) have been approved by PDDG and the Elected Mayor. The necessary works will be funded with £1.5m budget transfer from Torbay School Relocation.

7.3 Capital Repairs and Maintenance (Condition funding) – the 2018/19 allocation of School Condition grant of £0.418m.

7.4 Devolved Formula Capital grant allocation for 2018/19 of £0.079m is a ring fenced grant and has been added to the Capital Plan.

- 7.5 Healthy Pupils and Special Needs provision – the Government have provided additional grant allocations for these areas, £0.039m and £0.116m respectively, which will be allocated to schools depending on need.
- 7.6 Basic Need Grant - a new allocation of £0.729m for year 2020/21 has been announced and has been added to the Children’s Capital Plan.
- 7.7 Medical Tuition Service relocation – In April 2018, Council approved a project to relocate the Medical Tuition Service (formerly EOTAS) to Parkfield utilising unallocated resources and up to £0.6m of borrowing. The expenditure is likely to spread over two years. At present in the Capital Plan the funding of this project has been assumed to be prudential borrowing but this is likely to be swapped for unallocated resources within Children’s services as they are identified.
- 7.8 New Paignton Primary School – The new Paignton Primary school will be a Free School developed and funded directly by the Education and Skills Funding Agency. A site has been identified in central Paignton and the Council will contribute £0.6m to enable the site acquisition. The original budget approval for a site acquisition was £0.5m so an additional £0.1m has been transferred from the Torbay School relocation project (which is currently on hold). This was approved by Council at its 22 February 2018 meeting.
- 7.9 Roselands Primary extension - Torbay has been given approval and funding from DfE to open a new primary school in Paignton (see para 4.20 above). The new school was supposed to open in Sept 2018 but the DfE have recently confirmed that it won’t open now until Sept 2020. As a result two other primary schools in Paignton have been asked to take extra pupils for two years to accommodate growing numbers. One of the schools (Roselands Primary) will need an extra classroom at an estimated budget cost of £0.36m. It is proposed that the resources to fund this work are taken from the existing Children’s Services allocations for future years.
- 7.10 Torbay School Relocation - £0.1m of this project’s budget has been transferred to provide additional funds to enable the site acquisition for a new Free School in Paignton. In the meantime the existing site of Torbay School including the Brookfield site, will be improved and developed – see above, and £1.5m budget is transferred to facilitate that scheme.
- 7.11 **More Prosperous Torbay**
- 7.12 Claylands Redevelopment – Planning application has been submitted and the contract is currently out to tender with a projected start in November 2018 subject to an agreement with the prospective tenant.
- 7.13 Edginswell Business Park – negotiations for the acquisition of the site have stalled awaiting response from the owners, it is now considered unlikely that the project will progress further until 2019/20 so £6.5m of budget has been moved.
- 7.14 Innovation Centre Phase 3 - Electronics & Photonics Innovation Centre – work commenced on site in March 2018 and a bid for additional European funding has been submitted.
- 7.15 Investment Fund – As part of the rent review process at Wren Park the Council it is proposed to make a landlord’s contribution of £0.2m towards improvement of the

fabric of the building. This cost will be funded from capital reserves established from the surplus on investment properties in previous years.

- 7.16 Investment and Regeneration Committee (July 2018) have also approved the Harbour View hotel development (scheme cost £10.9m) and £9.9m budget has been moved to future years in line with estimated expenditure projections and will be subject to an agreement with the prospective tenant. In addition based on the current estimated profile of purchases a further £25.5m has been moved to 2019/20.
- 7.17 Land Release Fund – The Government has awarded funding to progress development of three sites in the Paignton area – Victoria Square, Collaton St. Mary and Preston Down Road. The funding is to be enable the release of the land for housing by 2020 or earlier. The total grant of £3.976m will be paid over two years 2018/19 and 2019/20. Some of the costs will be for revenue purposes so are being charged to revenue initially. Any expenditure that is of a capital nature will subsequently be transferred to capital and the Capital Plan will be adjusted accordingly.
- 7.18 Oxen Cove Shellfish Facility – the £0.4m initial budget for the design and preparation of this scheme has been moved to 2019/20 as the project is on hold pending a funding application to the Marine Management Organisation (MMO).
- 7.19 South Devon Highway – Whilst final settlement has been agreed with the main contractor, a number of matters are still to be finalised including Part 1 Compensation claims. As such the final position cannot yet be accurately assessed, although the latest information from Devon CC (the ‘lead Authority’) suggests that Torbay’s total contribution may be higher than the remaining budget, which could require additional borrowing. No change has yet been made to the scheme budget until the outcome of some of the outstanding issues is clearer.
- 7.20 Town Centre Regeneration – background work continues to develop scheme options and the Harbour View Hotel / Terrace Car Park development now forms part of the Investment Fund activities. No other major work expenditure is expected this financial year so the budget has been moved to 2019/20.
- 7.21 Transport Integrated Transport Schemes – broad proposals for this budget have been approved by Council and Business cases for specific projects await decisions. It is expected that £0.2 m of the budget will not be used this year so has been moved to future years.
- 7.22 Transport Structural Maintenance – The Government have given indicative grant allocations from their Incentive Fund of £0.246m for 2018/19 and additional Pothole money of £0.163m.
- 7.23 Transport – Torquay Gateway. As part of a funding review and options for Western Corridor, £0.95m budget has been transferred as noted above, however this obviously reduces the scope of the Gateway scheme which is largely on hold at present so most of the remaining budget has been transferred to future years.
- 7.24 Transport – Western Corridor and Tweenaway Cross. There is ongoing pressure on these budgets both from the construction costs and related compensation claims. The LEP has agreed to divert £0.95m funds from the Torquay Gateway scheme to support Western Corridor. A proportion of the budget has been rephased to reflect latest expenditure predictions.

7.25 Upton Place, Lymington Road Student Accommodation – This £14.2m scheme is now in doubt following a change in the prospective tenant's interest in the proposed development. The budget has been moved to next year whilst options are reviewed.

#### 7.26 **Attractive and Safe Place**

8.27. Brixham Breakwater Improvements – Council on 14 May 2018 has previously approved this major repair scheme in which funding from Marine Management Organisation of £2m was anticipated along with £0.1m from Environment Agency, with remaining funds of £1.753m coming from the Essential Capital repairs budget. The MMO has now confirmed a grant 'in principle' of £2m for the scheme, from the European Maritime and Fisheries Fund. The scheme has been "tendered" and is awaiting confirmation of the required license from the MMO.

8.28 Flood alleviation schemes – following Environment Agency confirmation of grant funding at Cockington £0.218m and Monksbridge £0.362m, these schemes have been added to the Capital Plan. Some Council funding will be required and so far the remaining £0.055m balance of earmarked resources for Flood Defence Schemes has been applied and it is anticipated that potential savings on existing flood and protection schemes will provide the additional support needed for these projects.

8.29 Public Toilets - Inn on the Quay – plans are progressing to provide new facilities following removal of previous public toilet block (under the contract with Healthmatic). Estimated costs are being gathered to inform funding requirements. Capital resources of £0.137m have been provided by Whitbread (Premier Inn) which will be applied towards the replacement toilet block. This effectively increases the resources available for the Public Toilets modernisation programme to £1.17m.

8.30 Torre Abbey Phase 3 – Council on 14 May 2018 approved borrowing of £1.15m to support further renovation works at Torre Abbey. A grant bid application of £4.5m has been submitted to the Heritage Lottery Fund which, if successful will enable further restoration work and improve facilities. If successful it is likely that £1m of Torbay's contribution will be required in 2019/20 so the budget has been phased to reflect this.

8.31 Torquay Harbour Beacon Quay Decking – a budget of £0.08m has been diverted from Princess Pier Structural repairs to enable the urgent replacement of decking along Beacon Quay.

8.32 Parkwood loan re Torbay Leisure Centre – a £1.7m loan to Parkwood to enable improvements at the Centre to help generate additional revenue is being drawn down. The final tranche of the loan has now been requested.

8.33 Haldon/Princess Piers Structural repair – Significant elements of these works have been undertaken and some funds have been made available to enable urgent Beacon Quay Decking replacement. Other proposed works are being considered taking account of their relative priorities.

#### **Attractive and Safe Place**

8.34 Disabled Facilities Grants and Adult Social Care – Government has announced the 2018/19 allocation of £1.738m. £1m will be allocated to Disabled Facilities Grants with the remaining £0.738m to Adult Social Care under the Better Care Fund. Expenditure on Disabled facilities Grants in 17/18 was under £1m and in addition to the new £1m 18/19 allocation, £0.3m of prior year underspends has been carried forward. In 2017/18, 168 disabled facility grants were completed with an additional 51 applications being progressed and works started on site. The Home Improvement

Agency service, currently being provided by Aster Living, will be brought back in house from October 2018, as notice was given on the contract by the provider. This provides a revenue saving to the local authority of £60,000 per annum and it is intended to re-procure a range of equipment and home assistance contracts in 2020/21 as part of our overarching strategy in adults and children.

- 8.35 Affordable Housing – in line with the Council's approved Capital Strategy, the budget to support affordable housing schemes has been increased by £0.191 m to reflect the 2017/18 Right to Buy Claw back receipt received from Sanctuary Housing Association under the terms of the Council's original housing stock transfer agreement with (the then) Riviera Housing Trust. These funds have been added to the budget in future years. In addition £0.1 m of the affordable housing budget has been made available to support the Housing Company's developments of Affordable Housing and a further £0.08 m (Section 106) is to be used for associated revenue costs.
- 8.36 Housing Company – Linked to the development of a viable business case for the company based on the parameters set by Council the budget has been moved to future years. Council are considering 3 sites allocated by Council in view of the moratorium on spend at September council.
- 8.37 Empty Homes and Private Sector Renewal – Site acquisition to improve quality and supply of temporary accommodation for vulnerable families is in progress. Officer view there is not a viable scheme to bring empty homes back into use as a way of improving supply due to the level of resource required and the reasons for why properties are empty in Torbay. The reason in the main is not through abandonment or significant disrepair but through a reluctance to sale.

### **Corporate Support**

- 8.38 Essential Capital Repairs – this £3m budget was provided to enable urgent works to Council assets including Infrastructure. Part of the budget (£0.375m) was previously allocated to Freshwater Cliff stabilisation and now £1.753m has been allocated to Brixham Breakwater works (as above)

## **9 Receipts & Funding**

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

	2018/19	2019/20	2020/21	2020/21	Totals @ Q1 18/19
Funding	£m	£m	£m	£m	£m
Unsupported Borrowing	59	88	28	0	175
Grants	22	8	3	0	33
Contributions	1	0	0	0	1
Revenue	0	1	0	0	1
Reserves	1	1	0	0	2
Capital Receipts	3	1	0	0	4
<b>Total</b>	<b>86</b>	<b>99</b>	<b>31</b>	<b>0</b>	<b>216</b>

## 10. Grants

10.1 The Council has been notified of the following capital grant allocations:

### Department for Education –

Basic Need (2020/21)	£0.729m
Condition Funding (2018/19)	£0.418m
Special Needs Provision (2018/19)	£0.116m
Healthy Pupils capital fund (2018/19)	£0.039m

In addition the 2018/19 Devolved Formula Capital grant of £0.079m is ring fenced for schools and has been added to the Capital Plan.

The Healthy Pupils and the additional Special Needs allocations have been allocated to make capital investments within Children's Services. Whilst these grants are not ring fenced there are strict criteria and conditions over their use and the allocations are assigned to Children's Services accordingly.

### Department for Transport –

2018/19 Highways Maintenance Incentive Fund £0.246m (indicative amount), following an efficiency and performance self-assessment submission from the Council, along with the latest allocation of £0.163m for pothole repairs.

### Department of Health –

2018/19 Disabled Facilities Grants allocation £1.738m, this is higher than last year's allocation (£1.631m) and includes the value of the (former) Adult Social Care capital grant. The Council will need to determine how this funding is to be used, but are recommended to allocate £1.0m to DFGs with the remaining £0.738m to be held for allocation under the terms of the Better Care Fund.

## Marine Management Organisation –

Grant of £2 million, from European Maritime and Fisheries Fund, approved ‘in principle’ for Brixham Breakwater structural repairs. This grant is scheme specific and has been allocated to the project.

## Ministry for Housing, Communities and Local Government –

Land Release Fund - allocation of £3.976m for three specific sites within Torbay. The sites are at Victoria Square, Paignton; Collaton St Mary and Preston Down Road, Paignton. It is likely much of the expenditure will be for revenue costs so the grant allocation has not been shown in the Capital Plan at this stage. This may need to be revised if some of the work is deemed to be capital in nature.

### **11. Capital Receipts**

- 11.1 The approved Plan relies upon the generation of a total of £3.5 million capital receipts from asset sales by the end of 2019/20. The Council has received £2.8m at 1 April 2018, but little more by the end of June 2018, although a capital receipt is expected in September from the sale of a surplus asset. Some of the funds held (£0.3m) were earmarked for supporting the work of the transformation team, leaving a target of £1m still to be achieved. Any use of capital receipts to fund revenue transformation costs as allowed by Government (see para 5.8 below) in 2018/19 (estimate £0.4m) and future years will increase the target.
- 11.2 Council has approved the disposal of a number of sites at nil value for affordable housing, latest St Kilda’s in Brixham. Whilst this is a valid decision and helps to meet the Council’s Housing Strategy outcomes, such decisions are against the approved Capital Strategy and makes the achievement of the capital receipts harder to achieve.

### **12. Capital Contributions – S106 & Community Infrastructure Levy**

- 12.1 No Section106 capital contributions have so far been received in 2018/19.
- 12.2 The Council’s Community Infrastructure Levy (CIL) scheme came into effect from 1 June 2017. The main capital project identified for funding from CIL receipts is the South Devon Highway. No CIL funds have yet been received in 2018/19.

### **Appendices:**

- Appendix 1 - Capital Plan expenditure and funding summary – Quarter One 2018/19  
Appendix 2 – Exempt report – Debtor “Write Offs” over £5,000 – Quarter One 2018/19 and Quarter 4 2017/18  
Appendix 3 Capital Plan Project update – Quarter 1 2018/19