



Fit
for
the
future

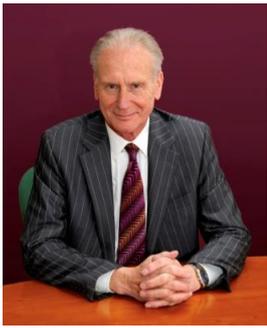
creating a prosperous and healthy Torbay

January 2018

Budget Proposals 2018/2019

Elected Mayor's Response to Consultation

Statement by the Elected Mayor



In accordance with the Council's Constitution I am proposing the budget for 2018/2019 for members' consideration.

As I explained when I published my draft proposals in October, the council is committed to creating a prosperous and healthy Torbay and a Council fit to meet the challenges of the future. At that stage, there remained £0.8m of additional income or savings still to be identified in order for me to be able to present a proposed balanced budget for the Council to consider.

I am now in a position to propose a balanced Revenue Budget of £112.8 million for 2018/2019. The Council continues to find alternative ways of working and do things differently. However, changes in Government funding and increasing demands on our services mean that difficult decisions have to be made.

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

I have considered all the responses I received carefully. I have also considered the decisions and changes that have taken place since October and have had to balance the Council's priorities in developing my proposals. What follows is a summary of the changes that I am proposing since my draft budget was published in October 2017.

The Local Government Settlement which was announced in December 2017 confirmed that all of the local authorities in Devon would take part in a pilot scheme which enables us to keep 100% of the National Non Domestic Rates (or business rates) that we collect in Devon. The net effect for Torbay of participating in the pilot is an increase in funding of £1 million.

The Government also announced that councils would be able to increase the rate of Council Tax by 2.99% without the need to hold a referendum. Torbay Council already has the ability to raise an Adult Social Care Council Tax precept of up to 3% in 2018/2019 meaning that the total increase the Council can apply is 5.99%. My original proposals assumed a Council Tax increase of 4.99%. Increasing Council Tax by a further 1% provides a further £0.6 million to support the services which you have said you value. This increase of 5.99% equates to £1.58 per week on an average Band D property. I would like to highlight that the Council Tax Support Scheme and an exceptional hardship scheme remaining in place for those who need support in meeting this extra cost.

Through utilising this additional income, as well as by releasing other funds, I have been able to change some of the proposals which residents and partners told us would have impacts on the community of Torbay.

I am now proposing that the Council continues to provide grants to the museums in Torquay and Brixham (and that these grants will be provided in 2019/2020 as well) and maintains its current level of grant to the Citizens Advice Bureau. The Youth Grant pot will also be maintained for the coming year. Whereas the proposed reductions in grants to Healthwatch and Torbay Community Development Trust will not be as large as originally planned. The Council will continue to provide some funding for the UNESCO Geopark although we will still be seeking grant income.

Other aspects of the Council's work will also be able to be funded. An example of this is funding the Council Tax of our care leavers which choose to live outside Torbay. This is in line with the Council decision that care leavers who live in Torbay will be exempt from Council Tax until the age of 25. Other examples include further resources that will be made available for our Events, Parking and Planning Teams to ensure that our events programme can be delivered effectively, that planning decisions are implemented correctly and that our Neighbourhood Forums can continue to develop.

There continues to be local and national pressures within Children's social care and funding will be available to provide an appropriate level of service for those children, including those with visual impairment and those being care for under Special Guardianship Orders.

It was extremely disappointing that, within the Local Government Settlement, the Government did not address the continuing funding gap for children's social care. Children who are experiencing, or are at risk of, neglect or abuse deserve the very best support to make sure they are safe and well and Torbay Council is committed to ensuring every child has the best start in life. The Council will be putting additional resources into children's social care which reflects the current level of spend plus funding for expected future increases in demand, complexity of cases and cost of placements. The issues facing Children's Services in Torbay mirror those faced in councils across the country.

The additional Council Tax raised for adult social care will be used to targeted investment in services to improve the level of service to those in need and to reduce future levels of demand and cost of adult social care.

Being reliant on business rates for the future income further highlights the need to continue to regenerate Torbay and I remain committed to creating a prosperous Torbay. This is reflected in the Capital Plan which includes funding for town centre regeneration schemes, investment in Edginswell, the Electronics and Photonics Innovation Centre, Claylands redevelopment, continued works on the Western Corridor and the regeneration of Upton Place

The Council still spends approximately £3.2 million per week on services in the community (excluding funding for schools and housing benefit payments). In terms of the Council's capital expenditure, I am proposing that the Council spends £138 million in 2018/2019 on schemes, of which £79 million is the balance of the Investment Fund, which are all aimed at meeting the ambitions of the Corporate Plan or providing an income stream to support core services. The majority of the Capital Plan has already been agreed by the Council and there are no changes proposed at this stage.

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

Gordon Oliver
Elected Mayor of Torbay

Introduction

This document and the papers which support it set out the Elected Mayor's proposals for Torbay Council's budget for 2018/2019. It is part of the longer-term work that is continuing to ensure that the Council is fit for the future.

The first version of this report was issued in October 2017 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. The report reflects the feedback received and outlines the changes that have been made to the Elected Mayor's proposals as a result. It also reflects the details of the Local Government Funding Settlement which was published in December 2017.

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

- **Torbay Council – Draft Revenue Budget Digest**
This provides a description of what each Council service does and how much it is proposed that they will spend next year including how much income they will receive. It sets out details of all of the proposals for service change, income generation and savings in order to produce a balanced budget for 2018/2019.
- **Equality Impact Assessments**
Where a proposal has been assessed as having a material impact on service users, an Equalities Impact Assessment has been prepared. These have been updated with the results of the consultation and any mitigating actions identified.
- **Fees and Charges**
The amount that the Council proposes to charge for its services over the next year.
- **Treasury Management Strategy**
This aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations and effectively control the associated risks.
- **Capital Plan**
This sets out the amount that it is proposed to spend in 2018/2019 on the capital projects that the Council is undertaking.
- **Corporate Asset Management Plan**
This sets out the strategies that the Council will use to rationalise the number of assets that it has, replace them where appropriate and improve the quality of the remaining assets.
- **Capital Strategy**
This sets out the principles to be used in the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's four year Capital Plan.
- **Reserves**
The current and forecast position on the use of Council reserves.

The Elected Mayor's final budget proposals will be considered at the Adjourned Meeting of the Council being held on meeting on 8 February 2018. If the proposed revenue and capital budgets are approved by a majority of members then they will be adopted on the night. If an objection to the budget is proposed and approved by a majority of councillors, the budget will be deferred to the following meeting. Any objections will be considered by the Elected Mayor and he will respond to the meeting of the Council on 22 February 2018 when a final decision will be made by the whole Council.

Council Tax levels will be set at the meeting of the Council on 22 February 2018 as the Council has to wait for notifications from the Fire and Rescue Authority, the Police Authority and Brixham Town Council before setting the overall Council Tax for Torbay.

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

Once the budget for 2018/2019 is agreed by the Council a final report will be published which will explain what the Council will spend during the years alongside its priorities for the year.

Revenue Budget 2018/2019

The Council's financial planning for 2018/2019 started in June 2017 and the Elected Mayor's draft budget proposals were published on 23 October 2017 for eight weeks of public consultation.

The proposals set out for 2018/2019 includes a range of options of savings to be made through changes to services, raising of income or reductions in expenditure. These savings are part of the £21.5 million of savings which will need to be achieved by 2020 to provide a balanced budget as set out in the Council's Efficiency Plan.

Funding Changes

The budget has been updated as various funding and income streams have been confirmed since the draft budget proposals were published in October 2017. The changes in funding are set out in the Table 1 below:

Description	Increase in Funding £000	Reduction in Funding £000	Commentary
Revenue Support Grant		10,310	All Devon local authorities will be participating in a pilot scheme which will see those councils retain 100% of the National Non Domestic Rates (business rates) they collect. As a result of this pilot, the local authorities will no longer receive their Revenue Support Grant.
NNDR Income	11,824		As a part of the Devon-Wide 100% NNDR pilot, Torbay Council retains 99% of NNDR income plus a minimum funding level. This figure also takes account of the Retail Prices Index as at September 2017.
Council Tax Income	50		The Council Tax Base was set by Council in December 2017.
Council Tax Income	617		The Elected Mayor is proposing to increase the "Council" element of the Council Tax bill to the newly announced referendum limit of 2.99%
New Homes Bonus		45	Actual allocation announced in the Local Government Settlement.
	12,491	10,355	
Net Funding Changes	2,136		

Service Expenditure Changes

Since the Elected Mayor's budget proposals were issued on 23 October 2017, the Elected Mayor has considered the views of the wider community and Members of the Council which have been provided during the consultation period. This has included the views of the Council's Overview and Scrutiny Board which were set out in its report to the Elected Mayor available at www.torbay.gov.uk/scrutiny.

The results of the consultation have been included within each relevant Equality Impact Assessment and in the overall report from the consultation exercise. The budget proposals issued in October 2017 have been updated and are set out in the Budget Digest. All of these documents are available at www.torbay.gov.uk/budget-201819.

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

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

Description	Reduction in Expenditure £000	Increase in Net Expenditure £000	Commentary
Council Tax – Adult Social Care Precept		31	Adjustment for the final tax base set in December 2017
NNDR Pool Income		244	The NNDR Pool has been replaced by the Devon-Wide NNDR 100% Pilot.
Housing	100		In the draft budget, an allowance had been made to fund the new legislative requirements. A new burdens grant is now expected and so this budget can be reduced.
Housing Benefit Administration Grant		108	The grant from the Department for Work and Pensions has been reduced and the Council will need to fund the shortfall.
Card Charges		11	Legislation has changed meaning that the Council can no longer charge for payments made by card. However, the Council will need to continue to pay the bank charges for such transactions.
Youth Grants		30	The Elected Mayor has removed the proposal to reduce the Youth Grant pot to nil.
Healthwatch		6	The amount of grant paid to Healthwatch will be reduced by the amount allowed in the contract only (i.e. reduction of grant of £5,000 rather than £11,000)
Citizens' Advice Bureau		6	The Elected Mayor has removed the proposal to reduce the grant to the CAB by 10%
Torbay Community Development Trust		50	The Elected Mayor proposes to reduce the grant to the CDT by £10,000. The balance of the budget of £50,000 will be held by the Council pending further discussions with CDT in relation to their business plan.
UNESCO Geopark		10	The target for attracting external income to support the geopark had been reduced by 50%
Museums		28	The Elected Mayor is now proposing to maintain the level of grant to Torquay and Brixham Museums in 2018/2019 and 2019/2020.
Visual Impairment		40	New post to ensure Council meets its statutory duty in relation to children with visual impairment.
General Data Protection Regulation		30	Increased resources to meet the new legislative requirements.
Care Leavers		20	The Council took a decision in December 2017 to fund Council Tax for care leavers who live outside of Torbay until the age of 25 (in line with the decision that care leavers residing in Torbay will be exempt from Council Tax until the age of 25).
Events Team		60	Additional resource to support Torbay's event programme
Planning Enforcement Post		30	Additional resource to ensure appropriate planning enforcement is undertaken.
Car Parking Post		30	Additional resource to support staffing pressures within the service.
Elections		20	Additional resource to reflect current levels of spend associated with elections.
Special Guardianship Orders (SGO) Assessment		10	Improved focus on SGO assessment and annual review to ensure correct payment
Neighbourhood Liaison		30	Additional resources to support the ongoing activity of Neighbourhood Liaison Forums
Income Optimisation Project		147	Less additional income is expected to realised through the Income Optimisation project of the Transformation

		Programme than had previously been assumed.
Investment Fund	300	The estimate of income from the Investment Fund has been updated in light of the profile of future purchases
Academy Income	50	High risk to loss of academy income
Children's Social Care	500	Increase the amount of additional resources available for children's social care in light of the Quarter 3 position.
Children's Social Care	500	Additional resources to reflect future increases in demand, complexity of cases and unit costs of placements
Expenditure Contingency	150	Allocate balance to Council expenditure contingency.
Comprehensive Spending Review Reserve	1,000	Following the result of the Judicial Review Appeal in relation to care home fees, the contingency held in reserve can be released.
	1,100	2,441
Net Expenditure Changes		1,341

Summary Budget Proposals

As a result of the changes to funding and service expenditure detailed in the sections above, the Elected Mayor's budget proposals for 2018/2019 are as follows:

	2018/2019	
	£000	£000
Elected Mayor's Budget Proposal (October 2017) – Funding	109,870	
Funding Changes (from Table 1 above)	2,136	
Elected Mayor's Budget Proposal (February 2018) – Funding		112,006
Elected Mayor's Budget Proposal (October 2017) – Net Expenditure	110,665	
Service Expenditure Changes (from Table 2 above)	1,341	
Elected Mayor's Budget Proposal (February 2018) – Net Expenditure		112,006

Revenue Budget 2018/2019

The Council is being asked to approve the Elected Mayor's proposal for the total net revenue budget for 2018/2019 and the budget that will be required to be funded from Council Tax, as set out in the following table:

	2018/2019	
	£000	£000
Net Revenue Expenditure	110,155	
Adult Social Care (funded from 3% Council Tax)	1,851	
Total Net Revenue Expenditure		112,006
Funded by:		
Business Rate Retention Scheme	(43,378)	
Revenue Support Grant	0	
New Homes Bonus and Local Services Support Grant	(1,435)	
Council Tax Requirement (5.99%)	(65,477)	
Collection Fund (Council Tax and NNDR)	(1,716)	
Total Income		(112,006)

The value of Council Tax resulting from a rise in the Torbay element of the Council Tax of 5.99% is £65.477 million. A 5.99% rise will increase the Band D Council Tax in Torbay by £82.47 (of which the 3% rise for adult social care is £41.30).

When the Council formally sets the Council Tax, the Council's budget has to include the budget for the Brixham Town Council which is due to be confirmed on 16 February 2018. The value of this precept will be included as part of the Torbay Council budget for Council Tax setting purposes.

The Council is also being presented the allocation of the 2018/2019 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 2018/2019, 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	78,026	46,991	31,035
Adults Social Care and Housing	51,247	10,332	40,915
Public Health	10,318	942	9,376
Sub-Total – Joint Commissioning Team	139,591	58,265	81,326
Joint Operations Team			
Corporate Services and Operations	115,774	96,117	19,657
Commercial Services and Transformation	33,680	22,657	11,023
Sub-Total – Joint Operations Team	149,454	118,774	30,680
Total	289,045	177,039	112,006



Capital Plan 2018/2019

The proposed Capital Plan of £138 million for the next financial year is predominantly comprised of schemes which have previously been approved.

Work will continue to with £5 million allocated to improve the facilities in Torbay's schools and early years settings so that we can ensure that our children get the best start in life.

Over £79 million is planned to be spent on Investment Fund properties to generate an income stream to support key council services to compensate for central government funding reductions.

Over £41 million is planned to be spent as we work towards a more prosperous Torbay. Schemes such as the redevelopment of Claylands, Upton Place student accommodation, town centre regeneration schemes, further transport improvements on the Western Corridor, investment in Edginswell Business Park, fisheries related investment at Oxen Cove and Jetty and the creation of the Electronics and Photonics Innovation Centre are aimed at ensuring jobs are maintained and created in Torbay. We will continue to maintain and improve the infrastructure within Torbay.

We will invest £3 million to ensure Torbay remains an attractive and safe place to live and visit including undertaking structural repairs to Princess Pier, investment in Torbay Leisure Centre with our partner Parkwood Leisure, the start of a toilet modernisation programme and investment in the Harbour Lights in Paignton.

We will invest £7 million in protecting and supporting vulnerable adults. This includes the planned first phase of investment in the Council's housing company and for affordable housing to meet the Council's Housing Strategy.

In addition £3 million will be invested in essential IT replacement to support front line services, structural repairs to cliff faces and similar infrastructure and in an "invest to save" project to enable more Council office space to be rented.

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

Table of all proposals

(The shaded proposals have changed or been added since October 2017)

Service Area	2018/2019 £000
Protecting children and giving them the best start in life	
Youth Grants	0
Working towards a more prosperous Torbay	
Spatial Planning	20
Tor Bay Harbour	128
Economic Regeneration and Asset Management	50
Promoting healthy lifestyles across Torbay	
Community Development Trust	10
<i>Adult Substance Misuse Services</i>	62
<i>Public Health Staff and Administration</i>	111
Ensuring Torbay remains an attractive and safe place to live and visit	
UNESCO Geopark Support	10
Events Development	15
Museums	0
Grants to Swim Torquay and Admiral Swimming Pool	47
Highways Maintenance	50
Beach Team	31
Protecting and supporting vulnerable adults	
Healthwatch	5
Citizens' Advice Bureau	0
Corporate Support	
Benefit Operations and Customer Services	177
NNDR, Council Tax and Housing Benefit Administration	20
Communications	8
Internal Audit	20
Transformation Agenda and Commercial Team	57

Note: The proposals shown in *italics* are to meet the reduction in the Public Health ring fenced grant.