



November 2018

Budget Overview and Proposals for 2019/2020

Creating a prosperous and healthy Torbay

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1 Mayoral Foreword



My draft proposals for the Council's revenue and capital budget for 2019/2020 have been published and I now want to hear from you and understand your views.

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

Central Government reductions in local government grants and increasing demands on our services means the Council needs to be innovative. As we have over recent years, we need to continue to find alternative ways of working, change the way we operate and work differently with our local communities and partners.

The Transformation Portfolio will deliver over £1.4 million of savings next year whilst maintaining services to our communities. My proposed budget includes a Council Tax increase of 2.99% in line with current inflation levels. We have, however, had to identify proposals for service change, income generation and efficiencies of around £3 million in order to put forward a balanced budget as we are required to do by law.

Despite this, the Council will still spend approximately £3.6 million per week on services in the community (excluding funding for schools and housing benefit payments), and we also plan to spend more than £80 million on capital schemes.

These latest draft budget proposals 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. I'd like to stress that these are draft proposals and haven't been agreed yet. Final decisions won't be taken until consultations have been carried out and the feedback is fully examined. Full Council will approve its budget at a meeting in February 2019. At this point we will be in a position include any implications from the Chancellor's Budget – including the one off funding allocations once they are confirmed.

I welcome everyone's thoughts on these proposals and how we can continue to deliver as many valued services as possible, alongside those we have to provide by law. Your views will be listened to and will be taken into consideration. I would also welcome all ideas you have on how the Council can meet the on-going financial challenges in future years.

Gordon Oliver
Elected Mayor of Torbay

2 Introduction

2.1 Torbay Today

Torbay offers an unrivalled quality of life for individuals and families – its natural environment, climate, excellent schools, growing arts and cultural sector and wide range of outdoor activities means that Torbay should be able to provide everyone with the opportunity to live a healthy and fulfilled life.

But Torbay, like other coastal resorts in England, has its challenges. There are high levels of poverty and deprivation, with insufficient opportunities for our young people. We have a predominantly low-wage, low-skill economy with an over reliance on the tourism industry. Our economy continues to struggle with low levels of both productivity and higher level skills notwithstanding growing business demand for those skills.

The demographics of Torbay show an ageing population with higher incidences of poor physical and mental health and these challenges lead to high care costs, which together with the extent of benefit dependency, combine as factors which are limiting Torbay's ability to reach its potential.

Along with many other authorities, Torbay Council is facing significant children's safeguarding challenges with over 350 Children Looked After and our safeguarding costs having doubled in the last seven years.

2.2 Rising to the Challenge

This document sets out the challenges ahead. It reflects on our achievements over recent years, describes the challenges that we still face and puts forward a plan for how we can all rise to the challenge, including the Elected Mayor's budget proposals for 2019/2020.

3 About Torbay

Torbay – the English Riviera – occupies a prime position on the south coast of Devon. It is a fantastic place to live, work and visit. It has great access to the sea from a number of harbours and beaches with our communities also enjoying the benefits of an urban style of living.

Torbay comprises the three coastal towns of Torquay, Paignton and Brixham, each with a unique character in terms of social and economic composition. It covers an area of just under 25 square miles and has approximately 22 miles of coastline. Our rich geological, historical and cultural heritage has gained and retained international recognition as a UNESCO Global Geopark since designation in 2007. As of today, this special accolade has only been awarded to 140 areas around the world.

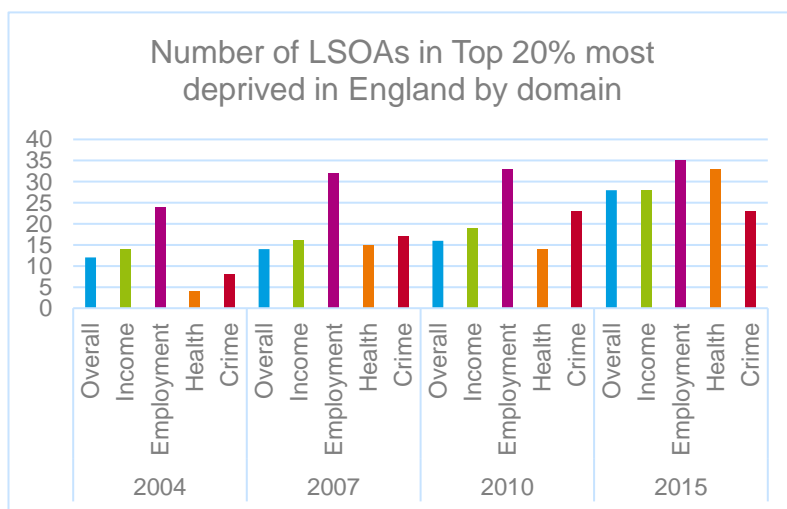
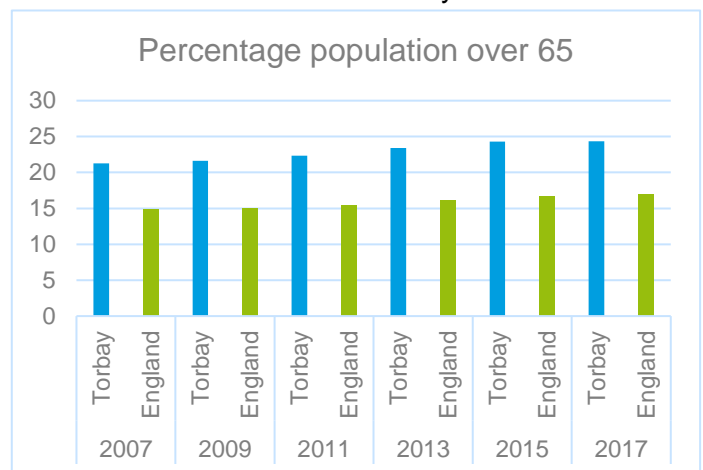
Torbay has established areas of economic success in many industries including pharmaceuticals, technology, fishing and social care. Our residents have high levels of satisfaction with Torbay as a place to live.

3.1 Our Communities

The population of Torbay is over 133,000 making it the second largest urban area in Devon, Cornwall and Somerset. Torbay's population is projected to grow around 9.6% over the next 20 years.

We have an ageing population with the number of people aged over 85 expected to increase by around 56% over the next decade or so. Increasing numbers are likely to be frail and require support from health and social care services.

As a popular visitor resort, Torbay attracts around 4.5 million visitors each year and our population can double in the summer months with tourists and oversees students, placing additional strain on some of our services.



The 2015 Indices of Multiple Deprivation (IMD) shows that levels of deprivation have increased in Torbay. Torbay is ranked as the 46th most deprived local authority area overall in England out of 326 areas and the most deprived local authority area in the South West region.

We rank high in respect of Income Deprivation (32nd) and Employment Deprivation (14th). Almost 1 in 3 residents in Torbay live in areas which are ranked amongst the 20% most deprived areas nationally.

From our Joint Strategic Needs Assessment, we know that:

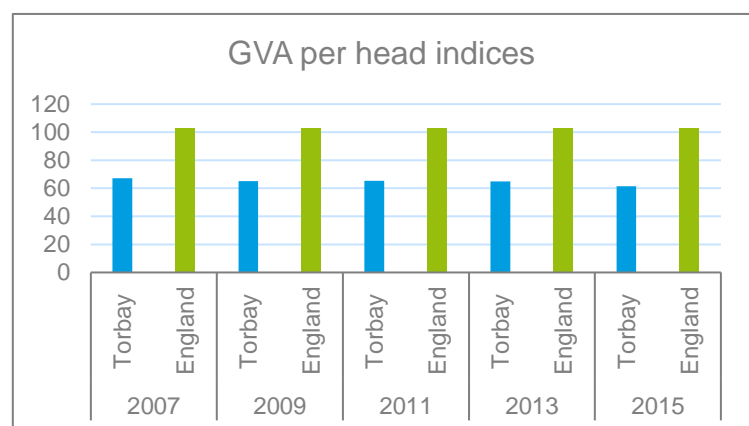
- There are higher proportions of the population living in the private rented sector and lower levels living in social housing in Torbay
- There are high numbers of rough sleepers in Torbay (181 different individuals in 2017/18) who show high levels of complexity, particularly around mental health
- There are high levels of self-reported bad health in the population, and a lot of people living with mood or anxiety disorders
- Torbay experiences higher proportions of children living in poverty
- Torbay has amongst the highest rates of looked after children in England
- Torbay has higher rates of under 18 conceptions
- More children provide levels of unpaid care and support in Torbay
- Levels of statutory children's services support are significantly higher in Torbay
- Children in schools in Torbay have higher levels of absenteeism
- There are higher levels of hospital admissions for young people in Torbay – particularly self-harm and injuries
- 1 in 4 adults in the population do not have any formal qualifications
- Torbay has significantly higher levels of people on employment support allowance
- A high proportion of the population provided support as an unpaid carer
- There are high levels of potentially avoidable lifestyle related hospital admissions

We are working to implement the Housing First solution, ensuring a joined up approach between housing and health and reviewing the strategy around adults with multiple complex needs. We are also working towards ensuring sustainable solutions for adult social care with the end of the current Risk Share Agreement with the Integrated Care Organisation approaching.

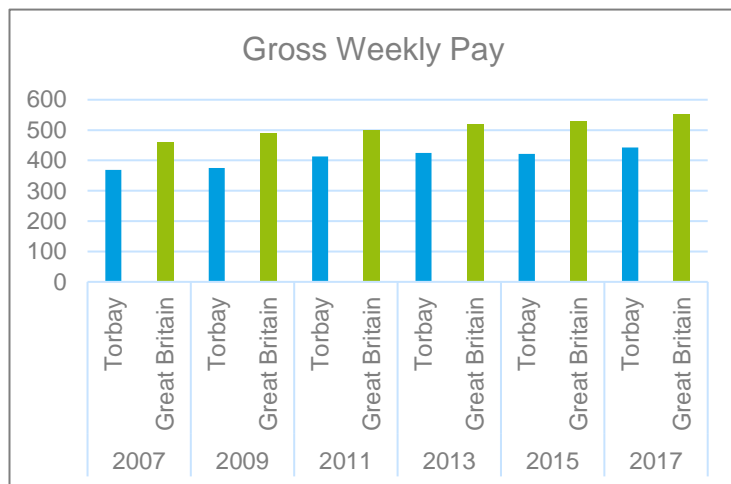
3.2 Our Economy

Torbay's economic structure and geography pose unique challenges. It is largely an urban area in the heart of rural South Devon. The coastline which makes Torbay an attractive visitor destination also holds back productivity and economic growth.

Torbay continues to face a number of structural challenges akin to those faced by many other coastal and resort based economies. Our economy is dominated by sectors characterised by low paid, part time, and seasonal employment, such as tourism, hospitality, retail, and health and social care. The domination of relatively low paid service sector based industries offers limited scope for productivity improvements and increased economic performance.



Torbay's economic performance is ranked amongst the lowest across the UK. However, recent data shows signs of recovery from the recession. The Job Seekers Allowance claimant rate has fallen from 4.3% in 2011 to 1.9% in 2018 (below the national average), along with the number of people claiming out of work benefits. These reductions have been assisted by both the actions taken by the Council and its partners to catalyse new capital investment, and the growth in new Small- and Medium-sized Enterprises.



Weekly wage rates for those working in Torbay grew by 14.2% in 2017 – faster than the regional and national averages, albeit from a lower base, and still at a level considerably lower than the regional average. However weekly part time pay levels for Torbay workers in 2017 continued to remain above the regional and national averages – showing strong signs of growth.

Despite the challenges, we are a place that can capitalise on its economic potential. The £110 million South Devon Highway opened at

the end of 2015 and has attracted new inward investment such as the £6.5 million relocation of Graphic Controls on White Rock Business Park; construction is underway on the £8 million Electronics and Photonics Innovation Centre (EPIC) to support the growth of hi-tech industries; and works are progressing well for a £15 million business park at Claylands Cross, Paignton – all in total creating around 214,000 square feet of new employment space for growing businesses.

The visitor economy is showing signs of growth. Visitor numbers are starting to return to the previous highs of 2012 and 2013. The sector is seeing significant foreign direct investment including around £60 million in old hotel stock and a new £32 million hotel and office development on Torwood Street, Torquay. Torbay is becoming recognised as the home of the English Seafood Coast with its great restaurants and internationally recognised fishing industry – where the port of Brixham lands the highest value of catch in England.

Our adopted Local Plan sets out the development of 9,000 homes and 5,500 new jobs during next 12 years. We have received £3.95 million from the Land Release Fund (the largest in the UK) to support the development of new residential sites. In 2017 the Council agreed its new Economic Strategy and the Town Centre Regeneration Strategy to deliver a balanced approach to growth. Both provide direction and drive for long term sustainable economic growth, however both also need to be fully supported and delivered to provide a step change in Torbay's economy.

4 About the Council

4.1 Ambition, Priorities and Core Values

As a unitary authority, Torbay Council is responsible for over 1,000 local services including social care, transport, culture, housing, parks, beaches and waste.

The Council's ambition is to create a prosperous and healthy Torbay whilst ensuring that it is fit for the challenges of the future.

We are striving to enable additional higher value employment with the wider benefits that brings to the area such as improvements in health and educational attainment. We are working to secure investment to support the right infrastructure for economic growth and will encourage people to start new businesses and accelerate their growth. We want to support young people to build their future careers in the Bay.

Revitalisation of our town centres is a critical part of Torbay's economic prosperity and we are promoting regeneration and growth across our three towns.

We are tackling the lifestyle issues and wider economic, social and environmental factors which can cause ill health. We are encouraging our communities to make the most of where they live to promote healthy lifestyles. We recognise that successful early intervention and prevention programmes will reduce demand for more costly, reactive services.

Our Corporate Plan 2015-2019 reflects and drives these ambitions and provides our five areas of focus:

- Protecting all children and giving them the best start in life
- Working towards a more prosperous Torbay
- Promoting healthy lifestyles across Torbay
- Ensuring Torbay remains an attractive and safe place to live and visit
- Protecting and supporting vulnerable adults

In order to address the significant financial challenge the Council faces, we are developing new ways of working, basing everything we do on three principles:

- Use reducing resources to best effect
- Reduce demand through prevention and innovation
- Take an integrated and joined up approach

The plans and strategies which make up our Policy Framework reflect our ambition and set out our priorities across the breadth of the Council's responsibilities.

Many of the actions within the Corporate Plan form part of the Council's Transformation Portfolio which is transforming the way we deliver services and strengthening the way we engage with customers and partners – improving outcomes for our communities and building a Council which is Fit for the Future.

Our ambition, priorities, strategies and plans are underpinned by our core values statement *"Torbay Council is committed to being forward thinking, people orientated and adaptable - always with integrity."*

4.2 Service Delivery and Partnerships

The Council's management structure is based on two significant groupings – one focused on commissioning relating to Adults, Children's Services and Public Health under the title Joint Commissioning Team, and the other, the Joint Operations Team, delivering Community and Customer Services and Corporate and Business Services to our internal and external customers.

As at 30 September 2018, the Council's staff headcount was 976 (784.66 FTE), this has reduced over the last seven years from 1,522 (1293.8 FTE) in April 2011.

The Council's operating model is flexible, evolving and based upon the most appropriate fit for each service, seeking to obtain the best outcome for our residents. Many of our services are delivered through a range of partnerships, contracts and shared services:

- We have a Risk Share Agreement with the Clinical Commissioning Group and the local NHS Foundation Trust with community, acute and social care delivered by the Trust as an Integrated Care Organisation.
- We have recently entered a contractual partnership with Plymouth City Council for our Children's Services. This partnership will deliver sustained improvements in outcomes for Torbay's most vulnerable children and young people, including those in need of protection and those in care.
- Our waste, cleansing, street scene and grounds maintenance is delivered via a Joint Venture Company – TOR2.
- Our cemetery and crematorium, library services, public toilets and leisure centres are now operated under separate contracts meaning that services can be maintained for the public whilst minimising the costs of those services.
- Trading Standards is operated via a shared service with Devon County Council.
- Jazz Hands (a community interest company) is responsible for running the Palace Theatre under a Licence to Occupy.

Other partnerships include economic development and asset management carried out through the TDA; the Torbay Coast and Countryside Trust who manage our countryside estate and some of the coastal fringe; Torbay Community Development Trust through whom we engage with the voluntary sector and the English Riviera Tourism BID Company.

4.3 Working Together

Leaders from across Torbay have come together to address our challenges and work to achieve our potential in a strategic partnership. Recognising that no organisation can deliver for the community on its own, Torbay Together has developed a vision for the future growth of Torbay which creates wealth, provides opportunities and allows Torbay to contribute more fully to the achievement of a competitive, productive and proud UK economy.

The partnership's vision for Torbay is: *“An unrivalled quality of life, in one of the UK's most beautiful destinations; where connectivity, culture, and ambition are growing fast, creating opportunities for everyone who lives, works and enjoys being here.”*

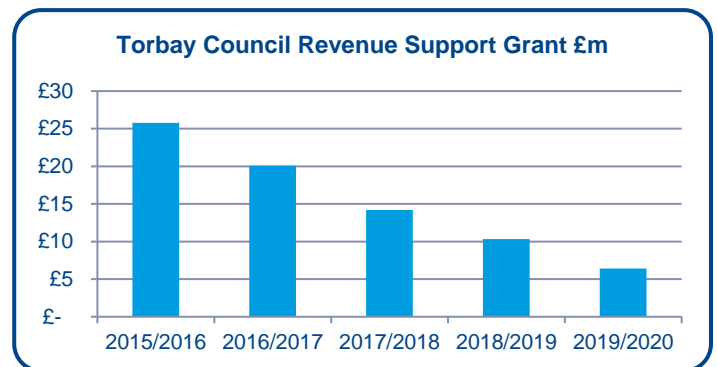
Torbay Together is championing Torbay both regionally and nationally and has had success with two recent meetings with central Government.

Torbay Council is also an active member of the Heart of the South West (HotSW) Joint Committee which is made up of 17 local authorities across Devon and Somerset, Dartmoor and Exmoor National Parks, the HotSW Local Enterprise Partnership and the three Clinical Commissioning Groups. The Joint Committee has an ambition to double the size of the region's economy by 2038; creating greater productivity and prosperity for all.

At a local level, there are a number of Community Partnerships across Torbay which provide an opportunity for people who live or work in the different parts of Torbay to discuss issues of common concern, influence the way in which services are provided and improve their local area. The Council has also established the Torbay Community Development Trust to bring together and support the community and voluntary sector.

4.4 Our Achievements

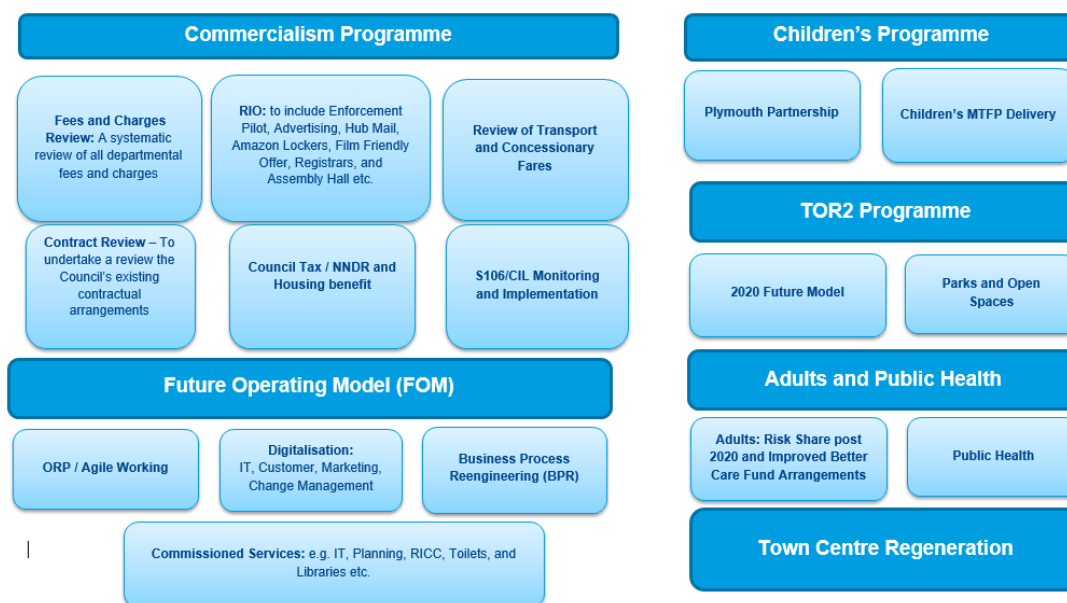
The Council continues to have an immense challenge to prepare and deliver robust budgets year-on-year which provide the statutory services of the Council as well as those discretionary services which are valued by our communities. Demand for children's and adults social care is increasing and the Government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



As a response to the financial challenges, the Council is increasingly looking for more commercial, contractual and shared service solutions. Following the LGA Corporate Peer Challenge in 2015, the Council started an ambitious programme of transformation projects. The initial set of transformation projects were set out in our Efficiency Plan. We have delivered against that Efficiency Plan and, over the past seven years, have made £76 million of savings in order to achieve a balanced budget.

The Council's current Transformation Portfolio consists of a number of programmes aimed at transforming the delivery of services whilst improving outcomes for our communities, exploring best practice, implementing innovative and alternative ways of working, and building resilience and capacity within the Council to help us prepare for the future.

Transformation Portfolio:



Our achievements against each of our targeted actions are set out in the table on the next page. Corporately we have also:

- Centralised and increased the digitalisation of Connections
- Created a Local Lottery raising around £52,000 for local good causes
- Created an Investment and Regeneration Fund which has generated surplus income to support the delivery of Council services.
- Took prudent financial decisions such as making payment in advance to TOR2 and reviewing the Minimum Revenue Provision to create savings without impacting service delivery.

Protecting all children and giving them the best start in life	Working towards a more prosperous Torbay	Promoting healthy lifestyles across Torbay	Ensuring Torbay remains an attractive and safe place to live and visit	Protecting and supporting vulnerable adults
<ul style="list-style-type: none"> • Entered into a Contractual Partnership with Plymouth City Council for the delivery of our Children’s Services • Children’s Services Medium Term Financial Plan, Children and Young People’s Plan and Early Help Strategy have been agreed and are being implemented. • Torbay schools are performing at or above national comparators at all Key Stages. • The Local Education Board in place providing a co-ordinated approach to improving outcomes. • Regional adoption agency in place merging adoption teams from Somerset, Plymouth, Torbay and Devon councils. 	<ul style="list-style-type: none"> • Completed the third phase of the Western Corridor, widening Kings Ash Road, Paignton, the Brixham Road Widening Scheme and the traffic flow reversal in Torre. 	<ul style="list-style-type: none"> • Agreed a new contract for the operation of Torbay Leisure Centre and Velopark • Agreed a contract to run and maintain four libraries • Worked with partners locally and across Devon to shift the focus for future work to prevention. • Developed a Healthy Learning information website for school staff and have developed and delivered a range of projects to improve lifestyles. • Supported Brixham community in a project to address mental health concerns in the area. 	<ul style="list-style-type: none"> • Established a shared service established for Trading Standards • Entered into a 25 year disposal contract for residual waste with energy recovery with zero household waste being sent to landfill since 2016. • Entered into a contract to modernise and run public toilets • Let a long lease for the future operation of Palace Theatre • Led the development and delivery of a new strategic approach to reduce levels of domestic violence and sexual violence. • Awarded Purple Flag status for our night time economy – the only town in Devon to receive the award. • Received Great Places funding. 	<ul style="list-style-type: none"> • Torbay has a nationally and internationally recognised integrated health and social care system. • Increased the provision of supported living options in Torbay, including setting a quality standard across the provision. • Provided, with investment from partners, suitable accommodation locally for people learning disabilities, autism and behaviours which challenge, bringing more of these clients back into their local community from out-of-area in-patient units. • Renegotiated the Risk Share Agreement for the Integrated Care Organisation to limit the financial risk to the Council. • Established a Housing Company to support the delivery of the Council’s Housing Strategy

5 Our Challenges

Despite the achievements of recent years, as a small unitary authority, Torbay Council continues to face increasing cost pressures and reducing grants and therefore faces a challenging financial future. 64% of our net spend is on adult social care and children's services with a further 10% spent on waste (including street cleansing). Demand into health and social care services (both children's and adults) is continuing to grow whilst there is a tension between the financial and inspection regimes we face.

Our Medium Term Resource Plan shows that we need to identify £17 million of savings by 2021/2022. The Senior Leadership Team has worked with the Elected Mayor and his Executive to identify additional income, efficiencies and service changes for 2019/2020 and beyond.

Nevertheless, the increases in demand for children's and adults social care and the impact of deprivation across the spectrum of Torbay Council's services mean that the financial future of Torbay Council, along with other local authorities, is less certain than it was four years ago. This is compounded by the financial uncertainty created by the delayed reform to the local government financial system which risks longer-term value for money.

5.1 2017/2018 Financial Year

In February 2017, the Council set a budget for 2017/18 of £110 million for which £7 million of reductions were required to achieve a balanced budget.

The Council met the financial challenges through identifying and implementing service changes and income generation opportunities, and, in some case, service reductions. These included the following savings arising from Transformation Projects:

- £790,000 from the review of our Minimum Revenue Provision
- £600,000 from our Investment Portfolio
- £225,000 from paying TOR2 in advance
- £900,000 from agreeing a fixed contribution to the Integrated Care Organisation
- £250,000 from our Council Tax and Business Rate Collection Project

The Council raised its level of Council Tax by 4.99%, comprising 1.99% for the Council services and 3% specifically to support Adult Social Care. This resulted in the Council setting its share of the Council Tax for a Band D property at £1,376.93.

The Council faced increasing demand for children's social care services over the course of the year, and by year end, Children's Safeguarding and Wellbeing was significantly (over £3.3 million) over its budget allocation, due to increasing demand. The overspend in social care was partly offset by a net underspend and/or additional income across other Council services. Overall, the Council's financial performance in 2017/18 was an overspend of £1.9 million which was funded, as planned, from the Comprehensive Spending Review Reserve.

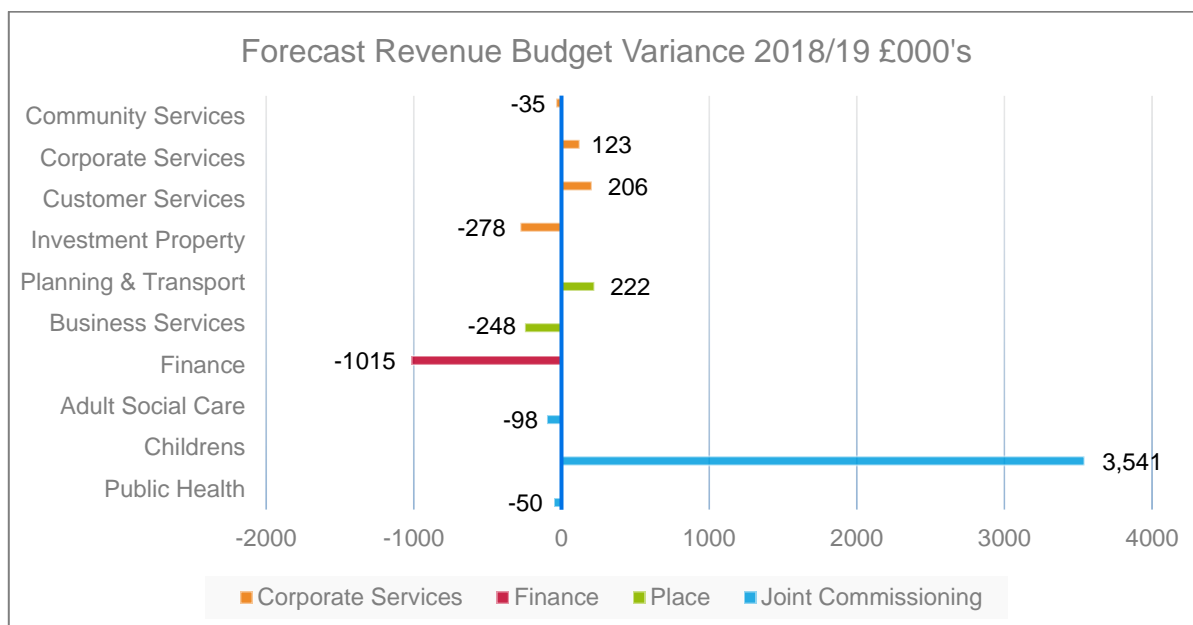
5.2 2018/2019 Financial Year

For 2018/2019 a budget of £112 million was set by the Council. Savings identified for the 2018/2019 revenue budget arising from Transformation Projects included:

- £2.165 million from the Investment Portfolio
- £900,000 as an agreed reduction in the contribution to the Integrated Care Organisation
- £475,000 from our continuing Council Tax and Business Rates Project
- £285,000 from our new lease arrangement with Parkwood Leisure for the provision of Torbay Leisure Centre and Velopark
- £100,000 from our new contract with Libraries Unlimited to deliver and manage Torbay's libraries

In addition, the net effect for Torbay of participating in the Devon-wide 100% NNDR retention pilot was an increase in funding of £1 million and Council Tax was raised by the maximum 5.99% allowed (which included 3% specifically for adult social care).

Nevertheless, the budget monitoring report for Quarter 2 will show that the Council is predicting an overspend of more than £2.4 million at the end of the financial year due to in-year pressures.



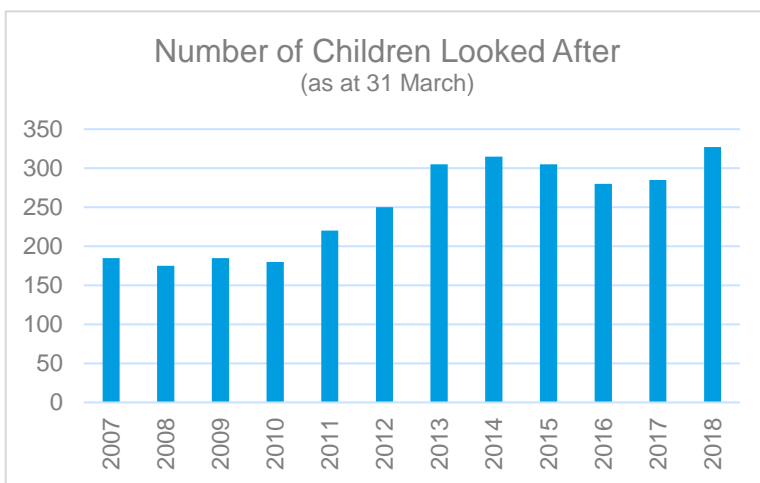
This position is much less than had previously been predicted as a result of the NNDR Devon-wide pilot and the savings of around £900,000 arising in part from the moratorium placed on non-statutory expenditure and recruitment.

The moratorium was put in place by the Chief Executive and the Elected Mayor at the end of Quarter 1 in order to protect our reserves so as to meet future challenges. This means that, even if an activity or contract is budgeted for, the task or expenditure may be postponed or cancelled if the work is deemed not urgent or required to meet statutory duties by the Chief Finance Officer and/or Chief Executive.

The moratorium includes, amongst other things, the following:

- All new contracts must be approved by the Chief Finance Officer or other nominated representative.
- All expenditure over £1,000 must be approved by the relevant Director.

- All expenditure over £5,000 must be approved the Chief Finance Officer or other nominated representative.
- Non-urgent planned maintenance.
- Non-urgent paid overtime.
- Hiring of external venues and hospitality.
- New furniture, fixtures and equipment.
- New vehicles, plant or machinery.
- Non-urgent external training is postponed.
- Staff travel outside Torbay is now subject to specific agreement by the appropriate Director.
- Overnight accommodation is now subject to specific agreement by the appropriate Director.
- Non-urgent capital projects which impact upon the revenue budget will be reviewed shortly and probably suspended subject to contract conditions.



The number of Children Looked After has increased significantly to 357 (August 2018) – a 20% increase since November 2017 and 10% since the start of the current financial year. In order to meet this demand we now have many more placements to fund and we are employing approximately 50 agency staff (as at the end of June 2018) in Children’s Services to ensure our most vulnerable children are safe.

The increase in the number of children needing local authority care is a nationwide

issue and not specific to Torbay. Ofsted has confirmed that these are the right children coming into care and that no children have been unnecessarily subject to care proceedings. Where those children are young babies we are undertaking good work to achieve a permanent placement at the earliest opportunity.

The Council also has larger than expected numbers of agency staff in other key services such as Planning and Payroll due to staff shortages.

5.3 Proposed 2019/2020 Revenue Budget

The Elected Mayor and the Mayor’s Executive Group have been working with the Senior Leadership Team since March 2018 to develop the Draft Revenue Budget for 2019/2020.

The Council’s Medium Term Resource Plan sets out a 3-year financial framework within which an annual balanced revenue budget would need to be agreed by Council. The Council is required by law to set a budget where the total income for the year equals total expenditure for the year. The March 2018 version of the Plan identified funding gaps of £6 million in 2019/2020 and £7 million and £4 million in the following two years.

The following table shows that £1.403 million of savings are expected to be realised from the Transformation Portfolio - £478,000 from the Commercialisation Programme, £625,000 from the Investment and Regeneration Fund and £300,000 from reviewing our Minimum Revenue Provision Policy. It also shows the savings from decisions that we have already made, changes from amendments to Government guidance and the pressures that we know we are facing which will impact on next year’s

budget. Within the budget proposals, it is, however, proposed that additional money will be invested in children’s social care (acknowledging the increase in demand and the costs associated with this service), IT and Exchequer and Benefits (as Universal Credit is introduced in Torbay).

	£m	£m
Savings needed as identified in MTRP published April 2018		5.5
Release of growth and demand allocation		(1.0)
Additional Expenditure Pressures (Children’s Social Care)		3.0
Savings identified to date:		
Changes in funding assumptions	(1.2)	
Transformation Portfolio	(1.4)	
Decisions already made or known changes	(1.9)	
Other Changes	0.1	
Proposals for service change, income generation and efficiencies	(3.1)	
Total	(7.5)	0

A list of all the proposals for income generation, efficiencies and savings (including reductions in services) are shown in Appendix 1. These will be subject to a six week consultation period starting on 2 November 2018, which will include scrutiny by the Overview and Scrutiny Board. As part of the consultation, we want to hear from you whether we have correctly identified the impacts of the proposals.

In identifying proposals, consideration has been given to protecting those services which we need to deliver by law, usually to the most vulnerable in our communities.

Additional resources will be made available to Children’s Services as we need to recognise there are more children that we need to Look After – this increase is happening across the Country, not just in Torbay. However, we will be reviewing how we procure and manage the contracts that we have with those who care for our Children Looked After to ensure that they are as efficient as possible.

We will seek efficiencies in the contract that we have with Torbay and South Devon NHS Foundation Trust for adult substance misuse services.

The Council will be raising additional income from new beach hut sites in Preston, new pay and display parking areas, from charging for re-inspections for the food hygiene “Scores of the Doors” scheme and providing environmental health services to the fishing industry. We will be seeking sponsorship or income from external sources to cover the costs of the UNESCO Geopark, school crossing patrols, illuminations and for the 2019 Torbay Airshow.

We will reduce our spend on highways maintenance, street lighting, parks and gardens and repairs and maintenance. We will reduce our revenue funding for regeneration projects, although we will still support regeneration through our capital budget. Moving forward, we will reduce the amount that we spend on apprenticeships although the apprentices we already have in place will continue with their placements.

We will use our reserves to pay for the ongoing costs associated with Oldway Mansion and will reduce the amount that we contribute to our Insurance Reserve.

The Registrars Service will be relocated to Torquay Town Hall although we will seek to maintain a presence at Paignton Library and Information Centre. There will be a reduction in the costs associated with the Members Allowances Scheme as we move to a Leader and Cabinet governance system from May 2019 and there will be savings from restructuring the Council’s Senior Leadership Team.

5.4 Proposed Capital Plan Budget

In addition to our Revenue Budget, Torbay Council's Capital Plan totals £200 million for the four year programme to 31 March 2022 with £81 million due to be spent in 2019/2020 as shown below:

	£m	%
Protecting children and giving them the best start in life	2.326	3
Working towards a more prosperous Torbay	29.252	36
Investment Fund	31.573	39
Promoting healthy lifestyles across Torbay	0	0
Torbay remains an attractive and safe place to live & visit	1.747	2
Protecting and supporting vulnerable adults	14.455	18
Corporate Support	1.503	2
Total Capital Expenditure 2019/20	80.859	100

Examples of the schemes which will be undertaken over the course of the coming year include:

- Phase 1 of Brunel Academy
- Provision of an additional classroom at Roselands Primary School
- Redevelopment of Claylands to support approximately 350-400 jobs
- Completion of the Electronics and Photonics Centre in Paignton
- Investment programme to improve a number of public toilets (as part of our contract with Healthmatic)

5.5 Our Risks

The Council is facing a range of risks as it moves forward – many of which have implications for the Council's financial resilience.

In the first instance, Revenue Support Grant is expected to cease in 2020 with a new funding settlement and funding formula expected for local government. The implications for local government as a result of the forthcoming Comprehensive Spending Review are currently unknown. However, it is expected that local authorities will be dependent on Council Tax, National Non Domestic Rates and income from services, rents and investments rather than on central government funding.

The number of children looked after by Torbay Council remains amongst the highest in England and is higher than our statistical neighbours. Around 1 in 4 children continue to live in households where income is less than 60% of the median income and are therefore living in poverty. We continue to implement our Children's Safeguarding Improvement Programme. Our Children's Services Medium Term Financial Plan is now out of date and needs to be updated in light of the current demand and our shared management arrangements with Plymouth City Council.

Torbay has higher numbers of pupils with Special Educational Needs and Disabilities than our neighbours and we are spending more on these pupils than we have been allocated by the Government. There is also a financial impact from the extension of our duties to support care leavers to age 25.

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 £2.6 million. 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 that the Council will fund. The overspend in previous years has already resulted in a "negative" DSG reserve of

£1 million. The 2018/19 projected overspend will increase that to a cumulative deficit of £3 million. This overspend has been “made good” by DSG funding in future years.

The Council will continue to work directly with schools to jointly work on a solution to this issue. For 2019/20 the Schools Forum, with support from the Higher Needs Recovery Group, have agreed both a package of funding and have supported the Council’s “disapplication” request to the Department of Education to move funding from the schools block to the higher needs block within the Dedicated Schools Grant. This will aim to set a balanced budget for the higher needs service in 2019/20. A consultation on the proposed changes was launched in October 2018.

The current Risk Share Agreement between the Council, the hospital Trust and the Clinical Commissioning Group ends in March 2020 and needs to be renegotiated. However, the costs of the independent sector has increased by 7% in the last two years and therefore there is a differential in the amount of money that the Council puts into the Risk Share Agreement and the amount that the Trust spends on adult social care. This is partially offset by savings to the Trust from the integrated model of health and social care. There is a risk that the health and care system will be more Devon-focused (rather than Torbay and South Devon focused) as the NHS Sustainability and Transformation Partnership develops. In addition, a new care home fees model needs to be agreed which is likely to increase costs due to living wage, pensions and fragility of the market in some areas.

Torbay Council is currently well below its target for the percentage of household waste sent for reuse, recycling and composting and there are high levels of complaints from residents about the refuse collections by TOR2. We need to ensure that going forward there is modernisation of the waste fleet which will improve efficiency, reduce costs and, most importantly, enable residents to work with us to improve recycling.

6 Potential Solutions for 2020 and beyond

The Council needs to reach a sensible, prudent financial position whilst remaining compliant with our statutory duties. We play a central role in the quality of life of the residents, businesses and communities of Torbay through the services and employment we provide, the purchases we make and partnerships in which we work.

Over recent years, we have had to reprioritise our investment and reduce the extent and breadth of our service offer. Inevitably, the savings the Council has made have had an impact on service delivery and the headcount of the Council has reduced by 546 staff across all services since April 2011. Moving forward, to achieve financial stability, we need to narrow our focus further onto:

- Reducing the costs of our high-cost services
- Reducing the demand for and into our high-cost services by addressing the cost drivers
- Increasing the Council's income from Council Tax, National Non-Domestic Rates, fees, charges, rents and investments.

We will continue to base everything we do on three main principles:

- Use reducing resources to best effect
- Reduce demand through prevention and innovation
- Take an integrated and joined up approach.

We are committed to working, through the Local Government Association, with Government to ensure that the needs of Torbay, as a small coastal unitary authority, are recognised. We will work with other authorities and organisations such as the Association of Directors of Adult Social Services, the Association of Directors of Children's Services and F40 (representing the group of the lowest funded education authorities in England) to ensure that the costs associated with the Council's statutory responsibilities are fully recognised by the Government. We will continue to raise awareness within our communities about the financial pressures facing the Council and the inter-relationships between social care and growth.

6.1 Community Governance Review

During Summer 2018, the Council instructed the Chief Executive to review all local government re-organisation options open to Torbay Council. The result of his review was reported to Council in September 2018 when he advised the Council that any consideration of local government re-organisation was not a realistic prospect given that there was no appetite across the other Devon authorities for reorganisation.

However, given Torbay Council's significant challenges over the sustainability and resilience of its future delivery of services, the Chief Executive returned to the review of governance options undertaken by Local Partnerships in 2017. This highlighted two options in respect of opportunities to increase the level of income to the Council:

- Raise Council Tax to levels comparable in the rest of Devon, and/or
- Create Town Councils across the entirety of Torbay, thereby devolving certain services to the town councils who would have an ability to raise income through the precept mechanism.

The Council accepted the Chief Executive's recommendation that a Community Governance Review be commenced. This will allow full consultation and consideration of the principle of creating three town councils to cover the whole of Torbay. It is expected that the ultimate decision of whether or not to proceed will be taken around Autumn 2019.

6.2 Torbay Town Deal

The development of the Torbay Together partnership marks a recognition of the opportunities of partnership working and dispersed leadership for the place. Specifically the creation of the "Our Torbay" offers and asks (presented to the Minister for Local Growth in June 2018) demonstrates the potential gains that could be achieved if a partnership with Government can be achieved.

The "Our Torbay" document recognises that economic performance of places is a key driver for a range of public services and that improving the economic performance of Torbay is critically important for:

- creating more and better employment opportunities in Torbay,
- increasing the delivery of housing,
- reducing demand on public services, and
- generating more revenue to support the delivery of public services.

To support an accelerated rate of economic growth the Torbay Together partnership is seeking a partnership with Government and help including:

- Consideration of a Town Deal in the context of the Heart of the South West being confirmed as being in the next groups of Local Enterprise Partnerships invited by Government to develop a Local Industrial Strategy
- Recognition of Torbay as a Coastal Action Zone allowing:
 - Discounted borrowing from Public Works Loan Board for regeneration and growth investments in Torbay
 - Focused work with Homes England for key housing sites in Torbay
 - An Infrastructure investment fund to unlock employment sites in Torbay
 - Support from Arts Council & Heritage Lottery Fund to help develop the opportunities for culture and heritage led regeneration in the town centres
- Exploration of ways for the Department of Health to work with Torbay's Integrated Care Organisation to deliver state of the art technologies for improved patient outcomes
- Support for South Devon College in its higher education vision of university status by 2025

These interventions will help accelerate the delivery of jobs and homes targets set out in the Local Plan, they will make a difference to public services delivered in Torbay and they will improve the opportunities available for the Torbay community.

6.3 Torbay Council's Offer

We will continue to deliver the best services we can within the funding available to us – a realistic level of service, not just to meet our statutory duties but to include an element of early intervention and prevention to slow the escalation into urgent need and more costly services.

Our offer also addresses our need for growth – in our economy, housing provision and income – as this is one of the most important things we can do to build resilience within our community and reduce dependency on public services.

6.4 Community Responsibility

Whilst we will strive to deliver the best services we can, we will encourage and support behaviour change in our communities which will help to delivery positive outcomes for Torbay and create resilience in places where the Council can no longer step in. We will work more effectively with our partners and this will be our focus over the next four years.

Appendix 1: Summary Budget Proposals 2019/2020

Proposal	Amount £000	Proposal	Amount £000
Adult Services and Housing		Community Safety	
Joint Commissioning Team	113	Home Improvement Agency	60
Assets and Business Services		Environmental Health service to Fishing Industry	20
Resort Services	20	Scores on the Doors	5
Tor Bay Harbour	50	Temporary Accommodation	10
UNESCO Geopark	10	Licensing	18
Highways	320	Corporate Services and Operations	
Oldway Mansion costs	118	Members Allowances	50
School Crossing Patrols	28	Internal Audit	20
Asset Rationalisation	36	Insurance Premiums and Fees	80
Illuminations	30	Registration of Births, Deaths and Marriages	45
Playgrounds	7	Apprenticeships	212
Asset Management	226	Union Duties Allowance	10
Parking	5	Oldway Mansion Insurance Costs	25
Regeneration	59	Corporate Support	20
Natural Environment	125	Senior Leadership Team Restructure	100
Events	164	Customer Services	
Torbay Coast and Countryside Trust	45	Pensions	43
Sea Fisheries	25	Vacancy Management	60
Archives	10	Debt Recovery	26
Business Support	50	Public Health	
Street Lighting	25	Adult Substance Misuse	100
Children's Services			
Business Support	150		
Procurement and Contract Management	550		

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

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 draft proposals for service change, income generation and savings in order to produce a balanced budget for 2019/2020.

Equality Impact Assessments

Where a draft proposal has been assessed as having a material impact on service users, a draft Equalities Impact Assessment has been prepared. These will be updated once the consultation process is completed and before any final decision on the proposal is made.

Fees and Charges

The amount that the Council proposes to charge for its services over the next year.

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.

Draft Capital Plan 2019/2020

This explains which capital schemes the Council plans to fund over the coming year.

Other documents which will be updated and published on the Council's website will include the review of the Council's reserves, the Corporate Asset Management Plan and the Medium Term Resource Plan.