

Mayor's Budget Statement

Introduction

The Mayor published his draft saving proposals for 2015/16 on 4 July 2014 for consultation until 29 August 2014. The associated documentation has been available on the Council's internet site at www.torbay.gov.uk/budget.

The Mayor had intended to present the saving proposals to the meeting of the Council being held in September 2014. However, consideration of the saving proposals were deferred to allow more time to consider and reflect on the number and range of views with respect to the proposals and to also take into account the complex issues and other financial challenges faced by the Council in the current and future financial years.

Members of the Priorities and Resources Review Panel and Stakeholders have considered various documents and responded to the Mayor on his saving proposals. The Mayor has considered all of the responses received and the final saving proposals have been drawn up after consideration of the various financial reports presented to Members. Members are requested to take into account and be mindful of the details from the consultation feedback when formulating their final decisions.

The supporting information to this report includes the Mayor's statement including his response to the Priorities and Resources Review Panel and his updated savings proposals.

A summary of the savings proposals by service area is shown in the table on the next page.

The saving proposals considered by Members and discussed at the Priorities and Resources Review Panel identified the key risks of the proposals. Members have also been provided with impact assessments which demonstrate how the proposals will impact the recipients of the services, and how any negative impacts are to be mitigated against.

As part of the budget setting process in February 2014, the Chief Finance Officer stated that the Council needs to set a robust and sustainable budget and that any "one-off" monies that are available should be applied to meet either "one-off" items of expenditure, such as redundancy costs, or be used to fund pump priming expenditure that should result in longer term efficiencies for the Council. The Chief Finance Officer does not recommend using "one off" monies to fund ongoing commitments unless there is a clear financial plan to address the ongoing spending commitment. Members are asked to take these issues into account when agreeing the final savings proposals.

The Mayor's 2015/16 budget proposals will be presented to Council for approval in February 2015. At that time the Council will have received confirmation of its final grant allocation from central government and the expected level of Business Rate and Council Tax income for the year. The savings proposals identified within this report and those agreed by Council in February 2014 will form the basis of the 2015/16 budget.

Summary Position for 2015/2016

	2014/2015				2015/2016	
	Gross Expenditure	Gross Income	Net Budget	FTE	Proposed Savings	Indicative Budget
Residents and Visitor Services	16,346,000	(8,972,000)	7,374,000	150.01	(1,850,450)	5,523,550
Spatial Planning	3,505,000	(2,346,000)	1,159,000	44.3	(299,000)	860,000
Torbay Economic Development Co Ltd	5,360,000	(1,526,000)	3,834,000	0	(688,300)	3,145,700
Tor Bay Harbour Authority	2,539,000	(2,539,000)	0	23.9	(160,000)	(160,000)
Resort Services	823,000	(867,000)	(44,000)	11.5	(41,500)	(85,500)
Waste and Cleaning	12,293,000	(794,000)	11,499,000	0	(1,050,000)	10,449,000
Adult Social Care	45,390,000	(1,778,000)	43,612,000	0	(6,140,700)	37,471,300
Children's Services	76,860,100	(51,559,000)	25,301,100	319.95	(888,000)	24,413,100
Public Health Commissioning	8,060,000	(8,060,000)	0	10	0	0
Community Safety	3,879,900	(1,598,000)	2,281,900	80	(287,000)	1,994,900
Business Services	1,315,000	(259,000)	1,056,000	18.8	(277,800)	778,200
Commercial Services	3,820,000	(1,216,000)	2,604,000	63.6	(370,500)	2,233,500
Finance	70,931,000	(69,369,000)	1,562,000	60	(371,000)	1,191,000
Information Services	3,779,000	(1,254,000)	2,525,000	87	(496,000)	2,029,000
Corporate Budgets	29,027,000	(16,035,000)	12,992,000	0	(55,000)	12,937,000
Totals	283,928,000	(168,172,000)	115,756,000	869.06	(12,975,250)	102,780,750

FTE stands for Full Time Equivalent and is derived from those staff on pensionable terms or on probation who are directly employed by the Council.

The FTE figures shown above are as at 1 April 2014 and are subject to change over the course of the year due to a range of factors such as the use of seasonal staff or where a higher graded post is replaced by more lower grade posts.

Statement from the Mayor

Members of the Council and residents will be fully aware of the unprecedented challenges faced by Torbay Council. The preparation of budget savings proposals has been extremely challenging and I have been working hard with Executive Lead Members and officers to address these challenges. It was for this reason, and the continuing changing financial landscape, that I decided to defer the debate and discussion on my proposals. This has enabled me have more time to listen to the views of residents, stakeholders and Members so I could further consider these difficult and complex issues.

It should be remembered that the Council set out two year savings proposals in February 2014 – the first time this has been achieved at the Council – and brought forward the consultation process on the budget to ensure all Members and stakeholders have had time to discuss, debate and respond to the proposals well in advance of their implementation.

I make no apology for reiterating that Members and Officers would not be making these reductions to services but have no choice due to the year-on-year reduction to local government funding as set out by the coalition government.

In my statement last month I referred to a number of pressures facing the Council including those within Social Care – both Children's and Adults' – and uncertainty with respect to a number of service pressures including the impact of the Care Act from April 2015, the outstanding Judicial Review for Care Home Fees and the creation of the Integrated Care Organisation with health partners.

Due to the continuing changing financial position it is impossible to address all of these issues in one month. However, I did ask Directors to assess how they could make in-year savings to address the forecast overspend this year. Directors have identified £0.6m of savings proposals that were due to be implemented from April 2015 and can be brought forward and implemented in the current financial year. If the Council approves my budget savings proposals on 30 October 2014 there may be further savings that could be brought forward which will enable further inroads into the forecast overspend. Officers are currently working on the quarter two budget monitoring position and will report to Members at the end of November. The impact of bringing forward savings will be reflected in the forecast position.

Members will be aware of the continued reductions in public expenditure imposed by the coalition government and the impact this has upon local government both now and into the medium term. Members will also be aware that a further £3.8 million of reductions are required to address changes in revenue requirements in 2015/16. These savings are in addition to the savings already identified and approved by Council on 13 February 2014. Savings of over £30m in the last three years have already been made and total reductions of £14m are estimated to be required in 2015/16. Members of Parliament have voted for these changes. As a result of these savings the number of full time equivalent posts within the Council has fallen by 153 since April 2013 and is estimated to fall by a further 60 to 80 based upon these proposed savings options.

Despite these further reductions to Torbay's expenditure, I have put forward savings proposals with the intention that resources are allocated to the Council's key priorities: protecting Children's and Adult Services and promoting jobs and economic regeneration within the Bay. However, service reductions across all areas are inevitable and these have been outlined within

the detailed savings proposals and fully consulted upon. I would like to reiterate once again that I do not want to make the savings as set out within the budget proposals but I have no choice due to the unprecedented reductions from the Coalition Government and the fact a balanced budget must be set.

Torbay Council is faced with making additional savings in 2015/16 as a result of further government announcements made earlier this year. Given the magnitude of these ongoing reductions there is no alternative but to manage the reductions faced by the Council and be sensitive to the fact local residents' expectations are for service levels to be maintained at a time when demands on our services continue to increase and our resources are being reduced. That is why resources have been allocated according to the Council's priorities and with the objective of ensuring all services are provided in such a way to ensure that value for money is achieved.

I will continue to work with my colleagues and officers to meet my priorities and the financial challenges the Council faces in the current year by continuing to protect vulnerable children and adults and supporting jobs and economic regeneration.

I am proposing further savings in 2015/16. These are additional to the reductions put forward to Council in February 2014. These reductions will inform the budget setting for 2015/16 which will take place in February 2015. These updated saving proposals have been arrived at after considering the views of the Priorities and Resources Review Panel, Stakeholders and individual responses. As Members will be fully aware due to the ever reducing financial resources from government available to the Council and the size of these ongoing reductions I have been limited in the flexibility I have had in making changes to my original proposals.

There are still a number of ongoing and outstanding issues which could impact upon the Council's finances including the Judicial Review of care home fees, the creation of the Integrated Care Organisation and the impact of the Care Act to name a few. It is important that Members recognise that until the Council receives its final grant allocation from government (which is expected at the end of this calendar year) there could be a further call upon the Council's reserves to secure a balanced budget for 2015/16.

Members will note that I am proposing to use transitional funding to support a number of services next year. This will be funded from uncommitted reserves – i.e. the Comprehensive Spending Review (CSR) reserve. In addition this reserve will be used to fund the costs of restructuring arising from the savings proposals – the value of which will not be known until later in the year and is estimated to be £1 million. The other, as yet unknown, call on this reserve would be if an overspend in 2014/15 is declared. Whilst good progress is being made to address the in-year pressures, it is too early to confirm if a balanced budget can be achieved. If there is an overspend at year end this will have to be funded from the CSR reserve which will have an impact upon the uncommitted financial resources available to the Council in future years.

Response to Priorities and Resources Panel

All Members have had an opportunity to scrutinise the saving proposals since they were announced in 4 July 2014. The Priorities and Resources Review Panel held a series of meetings on 1, 2 and 3 September 2014 to hear the rationale for my proposals and to receive representations from a range of organisations and individuals. The Panel presented their views

and recommendations to me on 5 September 2014. I would like to thank the Panel for their hard work and the constructive comments they have made to help me formulate my final proposals. The Panel is also fully aware of the difficulties faced by the Council and the extremely challenging financial climate the Council is facing.

The Priorities and Resources Review Panel made a number of recommendations, which I have carefully considered. I have noted a number of the recommendations but would like to make a number of specific comments and highlight where I have set out changes to my savings proposals.

I note the comments in relation to the proposal to have one centralised **Connections Service and the request by the Panel to be provided with further details for the relocation of the service**. The centralisation of Connections has an impact not only upon residents of the Bay and the Customer Services department but also upon a number of other services within the Council. It is essential that such a significant change is carefully planned and fully costed taking into account all issues. To ensure this happens I am proposing that one year's transitional funding of £102,000 be provided to enable a full review to be undertaken to ensure the centralisation to one office is completed in a cost efficient and effective way.

Library Service. I have taken into account the views of the Panel and there is support from the community to be actively involved in the provision of the library service at Churston. Having listened carefully to the views of stakeholders and Members over the last month I propose to reinstate £105,000 back into the base budget for Churston Library and continue discussions to ensure the Council provides a cost effective and affordable library service.

In respect of the proposal to reduce the subsidy to the **English Riviera Tourism Company (ERTC)**, I have listened carefully to the number of representations made with respect to the ERTC over the last month. I therefore propose that from April 2015 the grant to ERTC should be reduced by £165,000 which leaves a base budget of £250,000. In addition I recommend a further one off £100,000 is provided to the ERTC as transitional funding. In making this proposal I am mindful that the general consultation results supported a reduction in the grant funding of the ERTC.

Museum Grants. Having listened to the arguments put forward, it is clear that further time is required to ensure that a sustainable future can be developed for our museums. I am therefore proposing transitional funding of £30,000 to be applied pro rata to Torquay and Brixham Museums for 2015/16.

Street Warden Service. I recognise the importance of the Street Warden Service to the communities where they operate. Therefore to enable future options on alternative funding to be fully explored, I propose that £36,000 will be added back to the base budget which will ensure a service will continue in 2015/16.

CCTV. In order for the Council to maintain this service it is vital that we find alternative ways of resourcing this service, therefore I propose that £25,000 of transitional funding for 2015/16 be provided to enable options for future delivery to be explored.

Subsidised Transport (relating to services 11, 17/17a, 22/22e and 25). I have noted the Panel's views in respect of these services and propose transitional funding for 2015/16 in the sum of £7,500 for the number 25 route which is the service between Paignton and Stoke Gabriel which

is jointly subsidised with Devon County Council.

I have noted the concern raised by the panel in respect of the **Fair Trade** grant and propose that £1,000 be added back into the base budget.

To support the transitional funding for the ERTC, I propose reducing the grant support to the **Riviera International Conference Centre (RICC)** for 2015/16 by a further £25,000. This is in addition to the £30,000 already announced bringing the total reduction to £55,000.

I have had limited flexibility with respect to the changes I can make to my original saving proposals. Some of these changes require further transitional funding which will be funded from the Comprehensive Spending Review (CSR) Reserve. Members will be aware this Reserve can only be used once and will also be used to fund future restructuring costs arising from the savings proposals and any other budget pressures the Council may face.

Subject to the updating of the Council's expected 2015/16 budgeted income in December 2014 from sources such as the Funding Settlement, Council Tax base and National Non-Domestic Rates income; to achieve a balanced budget for 2015/16 the CSR reserve will, if required, be used in the short term to fund any budget shortfall. Any additional savings required to meet that shortfall in the future will be identified and agreed during 2015/16.

As previously mentioned, in addition to the challenges faced by the Council, I want to ensure Torbay provides cost effective services to residents.