



Fit
for
the
future

creating a prosperous and healthy Torbay

February 2017

Budget Proposals 2017/2018

Mayor's Response to Consultation

Statement by the Mayor



In accordance with the Council's Constitution I am proposing the provisional budget for 2017/2018 for the members consideration.

As I explained when I published my draft proposals in November, the council is committed to creating a prosperous and healthy bay and a council fit to meet the challenges of the future. The Council continues to find alternative ways of working and do things differently. However, reductions in local government grants from Central Government and increasing demands on our services mean that difficult decisions have to be made.

I am proposing a Revenue Budget of £109.6 million for 2017/2018. Due to the magnitude of savings and the increasing demand for services, the Council will face another challenging year.

In proposing this budget, I am recommending that Council Tax should be increased by 3.99% but that the Council does not increase Council Tax by the additional 1% for adult social care which has recently been permitted by the Government. I make this recommendation as, whilst we continue to see economic regeneration in Torbay, our local economy remains fragile, with many residents on fixed incomes and families struggling to make ends meet.

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 feedback 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 November 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 November 2016.

In relation to **Children's Services**, the Overview and Scrutiny Board highlighted that the Director of Children's Services should be able to identify further savings before the budget is agreed. I am pleased that a Children's Services Medium Term Financial Strategy will be considered by the Council on 9 February 2017 which aims to align activity to reduce costs with the work already underway to improve services and outcomes for children.

Through undertaking the work to produce the new Strategy and as a result of the consultation, it has become clear that the amount of savings to be achieved from the proposals in relation to Information, Advice and Guidance for Young People and Home to School Transport will not be as high as previously stated. Following the funding allocation from Government in December 2016, the amount of savings within the support to schools and education will also not be as high as expected. However, higher than anticipated savings have been identified in relation to employee costs within Children's Services and additional savings are proposed through improvement to permanence planning and placement costs.

I would welcome the Overview and Scrutiny Board continuing to support the Executive Lead and Director for Children's Services in reviewing for the delivery of the new Strategy to ensure that it meets its stated aims.

The Overview and Scrutiny Board set out its view that the Risk Share Agreement (RSA) with the Integrated Care Organisation (ICO) (who deliver **adult social care** on behalf of the Council) presented a

significant financial risk to the Council. The ICO has since given notice to the Council that it will withdraw from the RSA from 1 January 2018. The financial pressures within the NHS (both nationally and locally) are well documented. As a result of those pressures, the Council has a projected overspend for adult social care of £1.7m in the current financial year. I had already proposed that £1 million of extra funding be allocated to Adult Social Care and I now proposing to increase that by a further £725,000 in order to provide a contingency for next year.

Over the course of the consultation period, it became clear that the pilot scheme for a new model for the Young Parents Service has been successful and that the service is now fully utilised. I am therefore proposing to maintain funding for this service which helps to prevent children and young people needing support from more costly Council services.

I am proposing that £136,000 is permanently added to the budget in order to continue to invest in services for victims of domestic violence and abuse. Without this additional funding the current service would close mid way through the year.

As part of its funding settlement, the Government announced an Adults Social Care Grant, with the amount received by Torbay being £832,000. However, nationally this grant is being funded from changes to the New Homes Bonus scheme meaning that Torbay Council also loses £798,000 of funding from this funding stream.

The agreement of the Council Tax Base by the Council in December has been used to calculate how much would be raised by increasing Council Tax by 2% for Adult Social Care. This is £30,000 more than anticipated in November 2016.

During the consultation, I had a large response to the proposals in relation to **Public Health**. The reduction in Government grant has meant that all the services provided by Public Health have been reviewed and difficult decisions will need to be made.

However, I am proposing that a smaller reduction in funding is made to the Lifestyles Service than that originally proposed. A revised model will still be put in place but the additional funding will mean that more people will be enabled and supported to make changes to their lifestyles.

To offset this increased spending, the number of universal Health Checks provided will be limited from 1 April 2017 resulting in a significantly more targeted approach. In addition, other public health services will be re-commissioned during 2017/2018 with the aim of realising savings through efficiency and/or service redesign by 31 March 2018.

In relation to the proposals within **Community Services**, the Overview and Scrutiny Board sought assurance that the CCTV service could be maintained in the long term. My proposed reinvestment in this service seeks to develop a system which is more efficient and resilient to future changes. This will comprise an independent assessment of the system before the new specification is developed, so that it is capable of operating in a commercial environment.

I note the views of the Board that the proposal to reduce highways spend should not be implemented. For clarity, the current proposal will keep the level of spend on routine repairs and maintenance to the carriageway at the current level. There would be a temporary reduction in condition surveys and the contributions to partnership initiatives and the car park variable message signs would not be used for the year. Given the other financial pressures facing the Council, I believe that the impact of this proposal will be minimal and it therefore remains in my budget proposals.

Negotiations have taken place with the bus operators during the consultation period and I am now able to estimate the savings that can be made to the concessionary bus fares budget as approximately £150,000. We are continuing to negotiate with bus operators locally against the nationally agreed funding formula.

By paying TOR2 in advance for the cyclical works that it undertakes, the Council is able to save £225,000.

I am not proposing any changes to the proposals in relation to **Customer Services**.

Within **Corporate Services**, I am still proposing that the establishment of a service delivery company be investigated. However, the level of savings that this will achieve is still to be determined and a report will be brought to Council in due course.

The Council agreed a revised Council Tax Support Scheme in December 2016 and this will increase the income collected by the Council by £300,000.

Within **Business Services**, the expected return on the Capital Investment Fund has increased by £450,000, this is in recognition of their work to date, and anticipated work throughout the remainder of the year.

The Overview and Scrutiny Board recommended that no reductions be made to the repairs and maintenance budget. The Executive Head of Business Services will make every effort to identify all those savings from the utilities and premises costs of the Council's estate.

The Board also recommended that the proposed savings to be made by the TDA should be removed. I am proposing that the level of savings proposed be reduced to £150,000. I remain committed to the regeneration of Torbay and this commitment is reflected in the Capital Plan with major regeneration projects such as the redevelopment of Claylands, employment space at Torbay Business Park and the Electronics and Photonics Innovation Centre.

The revenue budget which I put before you includes service changes, income generation and efficiencies totalling £7.6 million. Despite this, the Council still spends approximately £3.2m 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 £56 million in 2017/2018 on schemes which are all aimed meeting the ambitions of the Corporate Plan. 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 Mayor's proposals for Torbay Council's budget for 2017/2018. 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 November 2016 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 Mayor's proposals as a result. It also reflects the details of the Local Government Funding Settlement which was published in December 2016.

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 2017/2018.
- **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 2017/2018 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 Mayor's final budget proposals will be available at the Council meeting on 2 February 2017. This meeting will adjourn to let all members of the Council consider his final proposals.

The Council will meet again on 9 February 2017 to discuss the revenue and capital budgets and if the proposed 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 Council will adjourn again. Any objections will be considered by the Mayor and he will respond to the meeting of the Council on 23 February 2017 when a final decision will be made by the whole Council.

Council Tax levels will be set at the meeting of the Council on 23 February 2017 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 2017/2018 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 2017/2018

The Council's financial planning for 2017/2018 started in June 2016 and the Mayor's draft budget proposals were published on 4 November 2016 for six weeks of public consultation.

The proposals set out now for 2017/2018 include £7.6 million 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 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 November 2016. 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		2	The Provisional Settlement announced by the Government on 16 December 2016 was in line with the four year settlement figures.
Council Tax Income	482		The Council Tax Base was set by Council on 8 December 2016. This was higher than forecast primarily due to the Council approved changes to the Council Tax Support Scheme
New Homes Bonus	2,300		Revised presentation - transfer from service income
Other Grant and Funding Changes		82	Latest estimates of other grant funding such as (transitional) Education Support Grant, Collection Fund and National Non-Domestic Rates.
Net Funding Changes	2,698		

Service Expenditure Changes

Since the Mayor's budget proposals were issued on 4 November 2016 the 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 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 November 2016 have been updated (including any new proposals) and are set out in the Budget Digest. All of these documents are available at www.torbay.gov.uk/budget2017-18.

A summary of changes in income and expenditure since the initial proposals were published are summarised in the following Table 2. The table at the end of this document lists all of the Mayor's proposals with those highlighted indicated the amended or new proposals.

Description	Reduction in Expenditure £000	Increase in Expenditure £000	Commentary
Schools and Education		50	Saving reduced in light of 17/18 funding allocations
Information, advice & guidance young people		119	Saving on contracts not achievable in 2017/18
Home to School Transport		77	Saving reduced after assessment of numbers and impact
Childrens Services employee costs	170		Further reductions proposed in the service including agency staff
Children's Services Financial Plan	411		To reflect achievement of a proportion of savings on permanence planning and placement costs identified in childrens services finance plan.
Adult Social Care		725	Potential additional Adult Social Care from RSA and post RSA (Total ASC contingency £1.725m)
Adult Social Care		30	2% ASC precept revised to match final tax base
New (one off) Adult Social Care Grant	832		New, one year only, grant to support adult social care
Loss of New Homes Bonus Grant		798	Reductions to scheme now brought forward by DCLG to fund adult social care grant
Young Parents		33	Proposal not now recommended
Domestic Abuse		136	Contract for this service now supported
Public Health – Lifestyles		226	Change to proposal for this service
Public Health – Health Checks	60		Change to proposal for this service
Use of Public Health Reserve	166		Additional one-off use of reserves, pending contract re-procurement
Concessionary Fares	150		Estimated saving from contract agreements with suppliers
TOR2	225		Net discount on advance payment of cyclical fee to TOR2.
Service Company		66	Proposal still valid, actual savings to still be determined
Investment Fund	450		Revised estimate reflecting the expected return on the Capital Investment Fund and the recent decision of the Investment Committee..
Economic Development Company		150	Reduced level of savings to be provided by EDC linked to the Business Plan.
Actuarial Review pension fund	7		Impact of revised employers contribution rate for Local Government Pension Scheme and forecast discretionary pension payments
New Homes Bonus		2,300	Transfer to Sources of Finance – revised presentation
Changes in other grants & inflation	285	151	Revised 2017/18 allocations for a number of service specific grants.
Contingency for funding changes	500		NNDR1 and Collection Fund surplus now calculated and therefore this sum can be released.
Transformation	300		Use of 2016/17 underspend from transformation programme combined with use of capital receipts flexibility
Net Expenditure Changes		1,305	

Summary Budget Proposals

As a result of the changes to funding and service expenditure detailed in the sections above, the Mayor's budget proposals for 2017/2018 are as follows:

	2017/2018	
	£000	£000
Mayor's Budget Proposal (November 2016) – Funding	106,944	
Funding Changes (from Table 1 above)	2,698	
Mayor's Budget Proposal (February 2017) – Funding		109,642
Mayor's Budget Proposal (November 2016) – Net Expenditure	106,944	
Reversal of Use of Reserves	1,393	
Service Expenditure Changes (from Table 2 above)	1,305	
Mayor's Budget Proposal (February 2017) – Net Expenditure		109,642

Revenue Budget 2017/2018

The Council is being asked to approve the Mayor's proposal for the total net revenue budget for 2017/2018 and the budget that will be required to be funded from Council Tax, as set out in the following table:

	2017/2018	
	£000	£000
Net Revenue Expenditure	108,487	
Adult Social Care (funded from 2% Council Tax)	1,155	
Total Net Revenue Expenditure		109,642
Funded by:		
Business Rate Retention Scheme	(30,760)	
Revenue Support Grant	(14,188)	
Other Grants – New Homes Bonus, Education Support Grant and Local Services Support Grant	(2,454)	
Council Tax Requirement	(60,075)	
Collection Fund (Council Tax and NNDR)	(2,165)	
Total Income		109,642

The value of Council Tax resulting from a rise in the Torbay element of the Council Tax of 3.99% is £60.075 million. A 3.99% rise will increase the Band D Council Tax in Torbay by £52.33 (of which the 2% rise for adult social care is £26.23).

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 2017. 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 asked to approve the allocation of the 2017/2018 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 2017/2018, 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 fees and charges changes.

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	77,614	(48,740)	28,874
Adult Social Care	42,539	(1,946)	40,593
Public Health	11,116	(1,479)	9,637
Sub-Total – Joint Commissioning Team	131,269	(52,165)	79,104
Joint Operations Team			
Community and Customer Services	103,018	(75,652)	27,366
Corporate and Business Services	37,858	(34,686)	3,172
Sub-Total – Joint Operations Team	140,876	(110,338)	30,538
Total	272,145	(162,503)	109,642

Capital Plan 2017/2018

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

Work will continue 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 £44 million is planned to be spent as we work towards a more prosperous Torbay. Schemes such as the redevelopment of Claylands, investment at Torbay Business Plan 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 to ensure Torbay remains an attractive and safe place to live and visit including the replacement of our CCTV system. We will work with partners such as the Environment Agency to secure our sea defences.

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 November 2016)

Protecting children and giving them the best start in life			
Ref.	Service Area	2017/18 £000	2018/19 £000
1.1	Schools and Education	50	
1.2	Torbay Youth Service	175	0
1.3	Info, Advice and Guidance	25	40
1.4	Integrated Youth Support	80	
1.5	Substance Misuse Service	21	
1.6	Home to School Transport	59	59
1.7	Staffing	437	
1.8	Permanence Planning	411	

Ensuring Torbay remains an attractive and safe place to live and visit (continued)			
Ref.	Service Area	2017/18 £000	2018/19 £000
4.17	Street Wardens	22	
4.18	Concessionary Bus Fares	150	
4.19	Dog Warden Service	25	
5.1	Library Services	70	200
7.4	Beach Services	26	20

Working towards a more prosperous Torbay			
Ref.	Service Area	2017/18 £000	2018/19 £000
7.1	Parking Review and Strategy	50	50
7.2	Review of Assets	50	50
7.3	Investment Portfolio	600	0
7.5	Tor Bay Harbour	42	78
7.6	Spatial Planning	44	20
7.7	Economic Development	150	200
7.8	Estates and Maintenance	150	
7.9	Land Drainage	25	
7.10	Asset Disposal Costs	16	

Protecting and supporting vulnerable adults			
Ref.	Service Area	2017/18 £000	2018/19 £000
2.1	Integrated Care Organisation	900	0
2.2	Healthwatch	10	11
2.3	Youth Homelessness	5	
2.4	Tenancy Training	5	
2.5	Community Engagement	22	
2.6	Citizens Advice Bureau	8	6
2.7	Young Parents	0	0
2.8	seAp		3
2.9	Project Search		38
2.10	Cumberland Mental Health Support	10	
2.11	Homelessness and Hospital Discharge	15	
2.12	Simple Aids for Daily Living	20	20

Promoting healthy lifestyles across Torbay			
Ref.	Service Area	2017/18 £000	2018/19 £000
3.1	Community Development Trust	16	60
3.2	Lifestyle Service	119	
3.3	Health Checks	65	0
3.4	Sexual Health Services	106	50
3.5	Public Health Reserve	166	
3.7	Substance Misuse Services	156	77
3.8	Smoke Free South West	10	
3.9	Public Health Nursing	255	73
3.10	Public Health Administration	121	93

Corporate Support			
Ref.	Service Area	2017/18 £000	2018/19 £000
5.2	IT Services	145	10
5.3	Benefit Operations	47	52
5.4	Housing Benefit	100	
5.5	Printing	25	25
6.1	Income Optimisation		250
6.2	Minimum Revenue Provision	790	
6.3	External Audit Fees	30	
6.4	Pension Enhancements	50	50
6.5	Policy and Business Support	10	45
6.6	Communications		8
6.7	Internal Audit	20	20
6.8	Finance	25	50
6.9	Members Allowances	7	7
6.10	Governance Support	20	18
6.11	Human Resources		44
6.12	Corporate Recruitment	7	
6.13	Legal Services	5	5
6.14	Insurance Premiums	50	
6.15	Bank Charges and Fees	5	
6.16	Interest Payable		70
6.17	Collection of Council Tax and Business Rates	250	250
6.18	Retained Business Rates		25
6.19	Council Tax Support	300	
6.20	Pension Arrangements	0	0
6.21	TOR2 Advance Payment	225	

Ensuring Torbay remains an attractive and safe place to live and visit			
Ref.	Service Area	2017/18 £000	2018/19 £000
4.1	Events and Culture Review	20	20
4.2	Sports and Leisure Review	45	
4.3	Enforcement Pilot	25	
4.4	Public Toilets		250
4.5	Grounds Maintenance		50
4.6	Events Development	15	15
4.7	Observation Wheel	10	
4.8	Food Safety	46	
4.9	Street Lighting	82	
4.10	Highway Maintenance	250	
4.11	Highways Inspections	60	
4.12	Road Safety Services	68	
4.13	Geopark Support		20
4.14	Recycling Support	35	
4.15	Natural Environment	61	
4.16	Energy from Waste	125	

