

## **Revenue and Capital Budget 2026/2027 – Report of the Overview and Scrutiny Board – FINAL DRAFT**

**Report to Cabinet to be considered as part of the budget consultation**

### **Background**

1. The Cabinet's Draft Revenue and Capital Budget proposals for 2026/2027 were published on 4 December 2025 and available on the Council's website at [Proposed Budget for 2026/2027 - Torbay Council](https://yoursay.torbay.gov.uk/project/bbf6ff87-6e0f-4af7-928cce1fadd55eb5). The Panel considered the following documents as part of the consultation process:
  - Revenue Report:
    - Budget Overview Report;
    - Fees and Charges;
    - Reserves Statement
    - Financial Sustainability Plans Summary;
  - Capital Report:
    - Capital Strategy;
    - Treasury Management Strategy;
    - Grant Funding Pending Business Case;
    - Updated Capital Investment Plan;
  - Round Table Feedback paper from session held on 24 November 2025;
  - Key Lines of Enquiry Responses; and
  - Chief Finance Officer's Update Report and Indicative Budget Figures by Service.
2. The background papers to the Review can be found at:

[Agenda for Priorities and Resources Review Panel 2026/2027 on Wednesday, 10 December 2025, 5.00 pm](#)

[Agenda for Priorities and Resources Review Panel 2026/2027 on Monday, 15 December 2025, 5.00 pm](#)

[Agenda for Priorities and Resources Review Panel 2026/2027 on Wednesday, 7 January 2026, 5.00 pm](#)

3. The Priorities and Resources Review Panel 2026/2027 was established to scrutinise the proposals and to make comments, observations and recommendations as necessary to the Cabinet's Revenue and Capital Budget proposals for 2026/2027. The Review Panel comprised of the Councillors on the Overview and Scrutiny Board, as they had developed a strategic and overall knowledge of the Council's revenue and capital budgets through quarterly monitoring meetings held throughout the year, namely, Councillors Cowell, Douglas-Dunbar, Fellows, Foster, Johns, Law, Long, Spacagna, Stevens and Tolchard, with Councillor Bryant representing Councillor Stevens at the meeting on 7 January 2026 (Chaired by Councillor Long).
4. The Review Panel met in public on 10 and 15 December 2025 and 7 January 2026 and heard evidence from the Leader and Deputy Leader of the Council, the Cabinet Members as well the Chief Executive and Directors.

## **Key Findings**

5. The Panel considered the proposals for investment in services, efficiencies and income generation for 2026/2027 and the Capital Budget and the findings from their meetings are set out in this report. The report was presented to the Overview and Scrutiny Board 14 January 2026 and approved unanimously and will now be submitted to the Cabinet as part of the consultation process (to be updated after Board on 14 January 2026).

## **Revenue Budget**

### **6. Budget Overview**

- 6.1 The Panel reviewed all the Consultation documents for the proposed Revenue and Capital Budget 2026/2027. Unlike other Councils who continue to report financial difficulties and the need to reduce services, Torbay Council has remained in a secure financial position through careful financial management and investment. It was acknowledged that there were relatively few changes to the budget compared with last year with a continuation of the Financial Sustainability Plans to help to ensure that high-cost budget items remain on track, with innovative solutions expanded and delivered to provide the best outcomes within the financial envelope the Council works within. At the point of the launch of the consultation and the initial Priorities and Resources meetings, Members noted that the Local Government Finance Settlement figure had not yet been confirmed by Government and therefore the proposed budget had been prepared during a period of uncertainty. The detail was expected on 17 December 2025 which would include the three-year settlement thus giving more certainty for future years, however, it was recognised that it was likely that overall Torbay Council would receive less Government financial support going forward.
- 6.2 It was however expected that the final Settlement detail would cover the £700,000 shortfall that existed for 2026/2027 in the consultation documents as well as potentially allowing for some additional investment as there had

been in previous years and the public's views were being sought on areas for investment.

6.3 Following receipt of the final Settlement the Chief Finance Officer provided a written statement setting out the final implications of the funding, which was considered at the meeting on 7 January 2026. The key updates were:

The Settlement indicated that Torbay Council will receive £204.377m as its Core Spending Power allocation in 2026/2027. This provided £1.2m more funding compared to the figures published for consultation, which would close the gap of £700,000 and leave £500,000 remaining to be allocated. This was a 5% increase on the baseline figure for 2025/2026 used within the Government's model. However, the model does assume a higher increase to our Council Tax base than forecasted and therefore a higher level of Council Tax funding. After adjusting for Torbay's local figures, this would mean an increase of 4.4%.

Many of the previous specific grants have been rolled into the main funding formula, although some have remained separate and have been consolidated into four new grants. Torbay Council's allocations for the new consolidated grants are shown within the table below.

Local Government Finance Settlement - Consolidated Grants 2026/27 to 2028/29:				
Select authority:	Torbay			
Consolidated Grant	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Homelessness, Rough Sleeping and Domestic Abuse Grant <sup>2,3</sup>	1.9	1.9	1.9	5.7
Public Health Grant <sup>4,5</sup>	13.0	13.2	13.5	39.6
Crisis and Resilience Fund <sup>6</sup>	2.5	2.5	2.4	7.4
Children, Families and Youth Grant <sup>7</sup>	2.5	2.4	2.2	7.0
Mayoral Capacity Funding	0.0	0.0	0.0	0.0
<b>Total</b>	<b>19.8</b>	<b>20.0</b>	<b>20.0</b>	<b>59.8</b>

Although some minor changes are expected within the final settlement, in general there appears to be real term reductions in these grants, with the exception of a small inflationary uplift to the Public Health Grant (circa 2%). Compared to 2025/2026, there is an increase in the Children's, Families and Youth Grant of £458k in 2026/2027. However, there is then a 12% reduction shown over the next two years to 2028/29 that will need to be planned for. It will therefore be important for the additional £458k to be spent in a way that does not see all of it committed to the base budget, setting aside funding to offset future reductions in grant.

Although the 2026/2027 settlement for Torbay Council is reasonable, of real concern is its allocation of funding in years two and three of the multi-year settlement. The table overleaf shows how Torbay Council's Core Spending

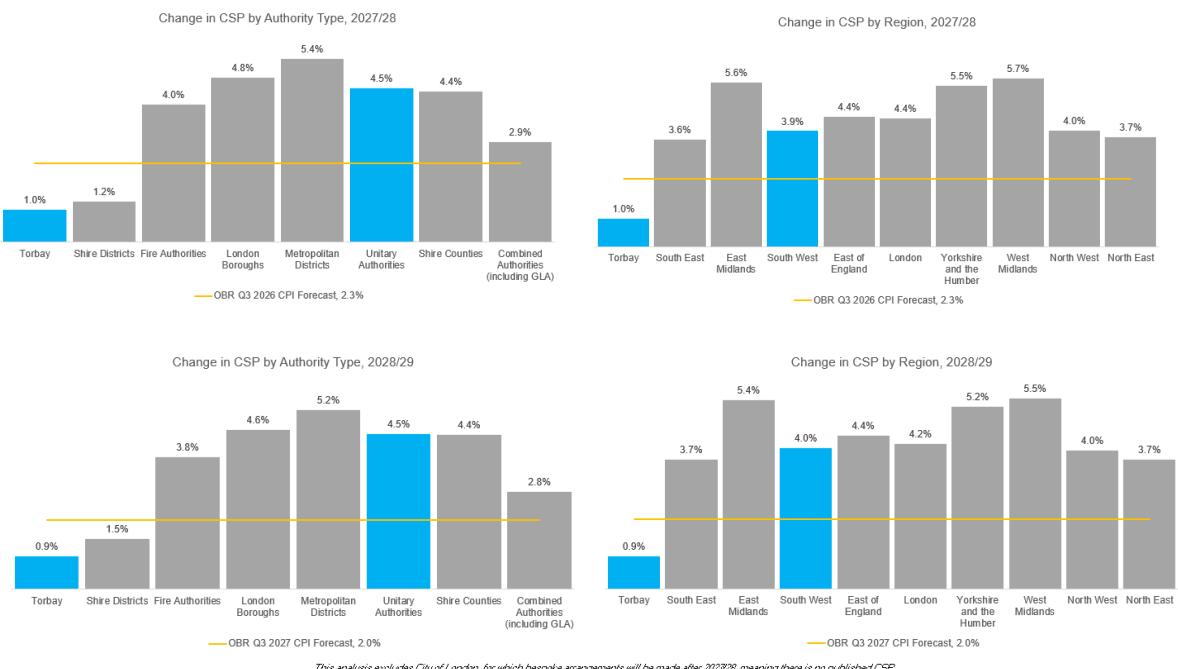
Power allocation would only increase by a maximum of 1% in both 2027/2028 and 2028/2029 with cash increases of just £1.9m, compared with the increase of £9.7m (5%) in 2026/2027.

**Illustrative Core Spending Power of Local Government:**

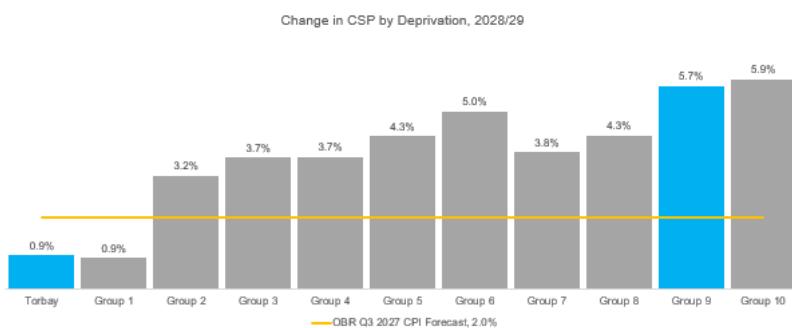
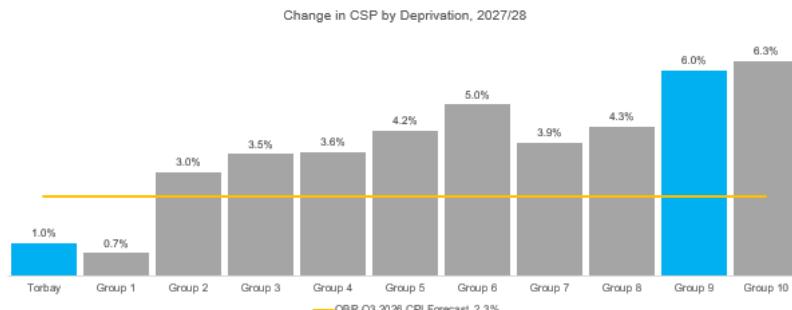
	2024-25 £ millions	2025-26 £ millions	2026-27 £ millions	2027-28 £ millions	2028-29 £ millions
<b>Core Spending Power</b>	<b>178.1</b>	<b>194.6</b>	<b>204.4</b>	<b>206.3</b>	<b>208.3</b>
Core Spending Power year-on-year change (£ millions)		16.6	9.7	1.9	1.9
Core Spending Power year-on-year change (%)		9.3%	5.0%	1.0%	0.9%

The significant reductions in Torbay Council's Funding formula assessment and allocation of grants from 2026/2027 onwards, already assume 4.99% increases from Council Tax each year and an overly optimistic increase in the Council's Council Tax base figures. The net funding increase of £1.9m per annum will be well below predicted inflation and not sufficient to fund areas such as uplifts on salaries and wages and increased demand for Social Care.

This settlement for Torbay is particularly poor when compared with other Councils. The table below shows how Torbay's percentage funding increase for 2027/2028 and 2028/2029 compares with the average increase across other Unitary Authorities and other Councils across the Southwest.



The new Fair Funding Formula refers to supporting areas of deprivation as one of its main aims, yet it clearly does not appear to be achieving this for Torbay. The graph overleaf shows how Torbay compares with other Councils that have similar levels of deprivation, using the Index of multiple deprivation. Torbay Council is within the second highest banding (group 9), which has an average increase in Core Spending Power for 2027/2028 of 6% compared with Torbay's 1% increase. Similarly, in 2028/2029, the average increase is 5.7% compared with Torbay 0.9% increase.



The Council will be making representations to Government and liaising with local Members of Parliament with regards to how poorly Torbay has fared for future year funding allocations prior to final national figures being confirmed in early February 2026. If representations are unsuccessful, the Council will face significant funding gaps in future years of circa £3m a year.

The paper highlighted the future pressures in adult social care and the need for significant investment in adult social care transformation and risk to the future of the Integrated Care Organisation with Torbay and South Devon NHS Foundation Trust and an overspend of circa £30m in this area. Together with challenges to deliver ambitious regeneration plans across Torbay and that this was an area the Cabinet was also considering further investment in alongside suggestions received from the public consultation and feedback from the Priorities and Resources Review Panel. Due to the shortfall in future years it was highlighted that investment should be used for one off funding, rather than adding to the Base Budget.

6.4 The proposals within the published budget consultation papers included one off funding for 2026/2027 to address non-reoccurring pressures:

	2026/27
<b>Estimated one-off or time limited pressures</b>	<b>£</b>
LGR preparation costs	0.100
Fleet walk - required investment	0.650
Paignton and Preston waterfront - reduced income	0.300
Assets under transition - e.g. Union Square, The Strand	0.500
ICT - replacement server	0.200
H&S works on on former TCCT land & assets	0.200
Special Housing reserve for those most in need	0.500
	<b>2.450</b>

6.5 The Cabinet's original consultation proposals set a Council Tax rate of 2.75% plus the 2% precept for adult social care. With each 1% of Council tax estimated to generate £850,000 of additional income to deliver services. However, Members were advised that following the Provisional Local Government Financial Settlement received on 17 December 2025, the Cabinet were proposing to set a Council Tax rate of 4.99% including the precept for adult social care due to the significant reduction in the proposed allocation from Government in Years 2 and 3 of the three year settlement.

6.6 From April 2025, the Council increased the amount of Council Tax payable on second homes to 100% which was continuing in 2026/2027.

## 7. Key Lines of Enquiry

7.1 Members asked questions around which stand-alone grants would continue in the budget and which ones had been rolled over as part of the overall statement and what were the implications.

There were lots of changes proposed as part of the new Fair Funding Formula 2.0 arrangements. Some grants were expected to be included within the main settlement formula allocation (SFA) with others being consolidated into larger grants that fund similar services/outcomes.

The Council received details and allocations within the provisional settlement on 17 December 2025, but there would be winners and losers as different formulas were being used to allocate many of the grants. It would be easier to reconcile and identify variances in the consolidated grants, but more difficult where they had gone into the main formula.

### Consolidated grants

Four new consolidated grants were being established, which brought together funding streams that fund similar services and outcomes. All 4 consolidated grants would be ringfenced. Further detail on these grants would be provided at the Provisional Settlement, along with multi-year allocations and information on their distribution and conditions, which the Council would be required to regularly report against specific criteria to ensure the funding was being spent as intended. All funding figures below were across the 3 years of the multi-year Settlement.

In response to questions around safeguarding that grants were being used as intended, Members were advised that part of the Government's reason for the change was to ensure that money was spent in the right way and the Council would need to demonstrate how the money had been spent and what it had delivered against the specific criteria. This was monitored through quarterly returns to the Government.

**Homelessness, Rough Sleeping and Domestic Abuse Grant (£2.4 billion).** This grant would be in Core Spending Power, with the total amount confirmed at the final Settlement. It would bring together:

- a. Almost £1.1 billion for the Prevention, Relief and Staffing element of the Homelessness Prevention Grant (HPG). This funding would be distributed

using the prevention and relief element of the HPG funding formula which was consulted on earlier this year;

- b. Rough Sleeping Prevention and Recovery Grant (RSPARG) and Rough Sleeping accommodation Programme (RSAP) funding, worth £879 million. This funding would be distributed using a rough sleeping and single homelessness formula developed with local authorities; and
- c. The Domestic Abuse Safe Accommodation Grant, which was delivered through the Settlement in 2025/2026, worth at least £480 million.

**Children, Families and Youth Grant (£3.1 billion).** This would bring together:

- a. Funding for children's social care reform worth £2.4 billion, which would be in Core Spending Power, consisting of:
  - The Children's Social Care Prevention Grant, worth £809 million;
  - Families First Partnership programme funding (previously Supporting Families) within the Children and Families Grant, worth £760 million;
  - New funding from the Transformation Fund announced at the 2025 Spending Review, worth £319 million; and
  - Further new investment now confirmed, worth £547 million.
- b. The Holiday, Activities and Food Grant (HAF), worth over £623 million. This included funding worth £12.9 million for the 2026/2027 financial year to support local authority capacity on school-age childcare across the HAF programme, wraparound childcare and new free breakfast clubs.
- c. The Pupil Premium Plus Post-16 Grant, worth £41.5 million.

There was a separate grant for Family Hubs but that had been amalgamated with the grant for the Best Start to Life and had been secured for three years with separate key performance indicators which had to be reported against.

**Public Health Grant (£13.45 billion).** This would bring together funding from the existing Public Health Grant, using the same distribution approach as in previous years, with the following funding streams. Further detail on their distribution would be published at the provisional Settlement.

- a. Drug and Alcohol Treatment and Recovery Improvement Grant (DATRIG), worth £1 billion. This included the Rough Sleeping Drug and Alcohol Treatment grant worth £185 million, which would continue to fund existing local authorities receiving this funding component, with a modest expansion to
  - a. Small number of additional local authorities with high levels of need;
  - b. Local Stop Smoking Services and Support Grant, worth £210 million;
  - c. Individual Placement and Support Grant, worth £67.3 million; and
  - d. Existing public health funding for the Swap to Stop scheme, worth £50 million.

**Crisis and Resilience Fund (£2.5 billion).** This would make it easier for local authorities to provide preventative support to communities and assist people when faced with a financial crisis, by bringing together the following

grants, which would end in March 2026, into one new, streamlined fund. This would not be in Core Spending Power.

- a. Household Support Fund; and
- b. Discretionary Housing Payments (in England).

### **Consolidation into the Revenue Support Grant**

The proposals were expected to consolidate 17 funding streams into the unringfenced Revenue Support Grant (Core Spending Power). All figures below were national allocations across the 3 years of the multi-year Settlement:

#### **Consolidating funding new to the Settlement, keeping existing distributions:**

- a. War Pensions Disregard grant (£36 million); and
- b. Social Care in Prisons grant (£33 million).

#### **Consolidating funding new to the Settlement, redistributed using the new Fair Funding Assessment:**

- a. Temporary accommodation funding worth £969 million over the multi-year Settlement, previously part of the Homelessness Prevention Grant. The Fair Funding Assessment included a temporary accommodation formula to reflect this change;
- b. Virtual School Head for Children with a Social Worker and Children in Kinship Care (£61 million);
- c. Biodiversity Net Gain Planning Requirement (£29 million);
- d. Deprivation of Liberty Safeguards Funding (£15 million);
- e. Local Government Finance Data Review (<£1 million);
- f. Enforcement of Location Restriction and Volume New Burdens grant (<£1 million);
- g. Enforcement of Calorie Labelling Regulations New Burdens grant (<£1 million);
- h. Awaab's Law New Burdens grant (<£1 million); and
- i. Social Housing New Burden grant (<£100,000).

#### **Consolidating existing Settlement funding, redistributed using the new Fair Funding Assessment.** The values associated with the first 5 funding streams below assume that in 2025/2026 they would have, without simplification, been held flat and continued to be paid as a separate grant:

- a. Social Care Grant (£17.8 billion);
- b. Market Sustainability and Improvement Fund (£3.2 billion);
- c. Employer National Insurance Contributions (£1.5 billion);
- d. New Homes Bonus (£871 million);
- e. Funding Floor (£364 million); and
- f. Funding from the following grants (treated as one funding stream in our totals) brought together into the Children and Families Grant in 2025/2026 (worth £483 million):
  - i. Supported Accommodation Reforms (£284 million);
  - ii. Staying Put (£100 million);
  - iii. Virtual School Heads Extension for previously looked after children (£23 million);
  - iv. Leaving Care Allowance uplift (£40 million); and
  - v. Personal Advisors Extended Duty (£36 million).

7.2 Members questioned how the funding streams for Children's Services due to end in March 2026 had been addressed within the budget proposals and what the implications of this was.

The Council was not expecting any material reductions in grant funding relating to Children's Services in 2026/2027. It was believed that the inclusion and allocation of the Social Care Grant within the main SFA was a contributing factor to Torbay Council's estimated poor settlement allocation – due to different formulas being used. 50% of this grant was always used to fund Children's Services. This reduction had been taken into account within Torbay Council's budget proposals.

7.3 Members questioned what the impact would be of the Government's announcement that it was going to take over special educational needs and disabilities (SEND) and the impact on the higher needs block of the dedicated schools grant.

Any change would not impact on the 2026/2027 financial year and would be from 2028 onwards. It was not clear how the Government intended to deal with historic spend. There were expected challenges to the higher needs block in terms of pressures arising from the pay award and the impact on schools' budgets which could mean that schools need additional SEND funding to be able to deliver early support to SENDK (special educational and disabilities known), as well as the potential for element three to increase which would put more pressure on the higher needs block and safety valve. The Council would be working with school leaders to look at ways of mitigating and managing these risks with 2026/2027 being the last year of the safety valve with £3.1 million to draw down, as well as impacts of falling numbers of children on role, which impacted on the funding per pupil schools receive.

7.4 Members asked if the updated figures showing a 12% reduction in funding for Children's Families and Youth Grants was due to the Government intending to take over responsibility for Special Educational Needs and Disabilities (SEND) from the Local Authority and if deprivation had been taken into account.

Torbay Council had been assisted by the Government with SEND through the Safety Valve which has balanced some of the impact of funding pressures within that area. It was expected that the Government would be taking over SEND from 2028 but that was separate to the Financial Settlement. Whilst it was recognised that the Council had received an additional £458,000 Children's Services grant funding in 2026/2027, there was increased pressure of high-cost placements moving forward with the Council looking at options to address this including securing its own children's home run by a qualified provider.

7.5 Members asked questions around how the funding streams for Adult Social Care, including domestic abuse, due to end in March 2026 been addressed within the budget proposals and what the implications of this were.

The Council was not expecting any material reductions in Domestic Abuse Safe Accommodation grant, which was expected to continue and be consolidated within the Homelessness, Rough Sleeping and Domestic Abuse

Grant in 2026/2027. Funding also included the Rainbow Grant for domestic abuse. The Council was recruiting to a Domestic Abuse Lead post as the current postholder was retiring.

Changes were expected to the Homelessness Prevention Grant (HPG), which would see it split up and the Prevention, Relief and Staffing element allocated through a consolidated grant and the Temporary Accommodation element wrapped up into the main SFA. There was a risk that the Council may see a reduction in funding compared to the current baseline due to formula changes and would assess this once we have the settlement figures. The base budget for 2025/2026 was not increased from the 2024/2025 value with increases being used as one-off to mitigate against the risk of any grant funding reductions.

It was expected that the conditions around the HPG would continue to focus on prevention to prevent people becoming homeless and if they do support through temporary accommodation. There were no proposed changes to service delivery.

The Director of Finance believed that the inclusion and allocation of the Social Care Grant within the main SFA was a contributing factor to Torbay Council's estimated poor settlement allocation – due to different formulas being used. 50% of this grant was always used to fund Adult Social Care Services. This reduction was taken into account within Torbay Council's budget proposals.

7.6 Members questioned how the £150k voluntary and community sector contracts funding would be allocated.

This fund had been built in to help build some capacity within the voluntary and community sector to support valued services e.g. the community helpline where people were presenting with more complex needs, which takes longer to provide support and involves more call backs. It was recognised that it was important to support this sector to reduce pressures on statutory services.

7.7 Members questioned how costs for care home fees had been built into the budget and if the Council was likely to have increased costs due to increases in national insurance and living wage.

The funding of the care home market was part of the Section 75 agreement with the NHS as part of the Integrated Care Organisation (ICO). An uplift had been agreed, with the market sustainability and investment fund being passported to the ICO to support providers and help support a sustainable care market. The NHS sets the fees with the Council working in partnership with the providers. These fees were higher in Torbay compared to our neighbouring authorities and other areas within the region.

7.8 Members asked if funding had been identified within the budget for a data analysis post to support Safer Torbay with evidence-based evaluation of their work.

A review was being carried out around the Safer Partnership role looking at how the Partnership was tracking outcomes with the Cabinet Member for Adult and Community Services working with officers to look at how the

Council could support this. There was a commitment to utilise some existing resource to pull together an outcomes framework within the existing budget.

7.9 Members asked questions around how the funding streams for Public Health, including drugs and alcohol, due to end in March 2026 been addressed within the budget proposals and what the implications of this were.

Further detail on the distribution and allocations of Public Health grant funding would be published at the provisional Settlement, but the Council was not expecting any material reductions in funding or negative impact on services.

The level of funding for Drug and Alcohol Treatment and Recovery Improvement Grant (DATRIG) and stop smoking grant in 2026/2027 was expected to be similar to the amount of grant received in 2025/2026 and therefore no additional budget allocation was proposed in 2026/2027. Should the funding allocation be less than expected there was sufficient Public Health reserves to support the smoking provisions that need to be continued in 2026/2027, without the need for any wider Council budget requirement.

The Healthy Weight Framework looks at how Public Health support people with their weight which was being addressed holistically. There was no specific funding to support obesity in young people. But there was money to invest in individual weight management for adults. The NHS continues to have a specific programme, but it was not clear if this was targeted at young people. Most of the work was around diabetes working with adults and co-ordinating support for families.

7.10 Members asked, following a recommendation from the Audit Committee, if additional funding had been included in the budget for resourcing for the Counter Fraud Team.

Rather than provide additional funding for Counter Fraud, the Council had been working closely with Devon Assurance Partnership and had subsequently seconded two FTE Torbay Council fraud staff to the partnership for an initial 12 month period. This had enabled the Council to gain access to a wider pool of fraud staff, and expertise, covering a larger geographical patch. To date, this had been a positive move – the Council would keep the arrangement under review over the coming months.

7.11 Members discussed the potential impact of Local Government Reorganisation (LGR) on Service budgets and questioned if the £100k was a sufficient reserve to cover costs, which were unknown at this stage but could be wide ranging if Torbay does not stay the same size. It was acknowledged that funding could be impacted if Torbay's boundaries expand due to us currently receiving favourable funding for areas such as Public Health due to high levels of deprivation within our existing boundaries. It was noted that the funding Settlement was based on Torbay Council staying the same and that LGR implications had not been factored into the three year Settlement.

7.12 Members challenged the submitted sustainability plans and progress made to date and received the following updates:

- Home to school transport was maintaining a position of not increasing spend and may come in £100k underspent in the 2025/2026 financial year, but more work was required around post 16 working with Adult Services colleagues.
- The Locality Model pilot was showing positive signs linking to SEND and the safety valve.
- The placement plan for children's social care was more challenging with high unregulated provider costs and the requirement for post 16 supported accommodation to be Ofsted Registered which was increasing their costs. The Council was looking at how to bridge the gap to ensure that providers could still support the young people who need their services. The Government was looking at Regional Care Co-operatives and work around placement sufficiency which was impacting on the sector. There were benefits and weaknesses of this model as it could increase pressure of areas competing with each other for scarce placements. The Minister also wants to encourage Fostering Hubs to help increase the number of families coming forward to become foster carers, but pilots which had been rolled out for 18 months were not producing the increases in families expected. Also learning from secure welfare when it went into a national responsibility when a placement was requested there were 60 or more others wanting a placement. Members welcomed any initiatives that would help increase the number of foster carers in Torbay and supported Member involvement in any campaigns or initiatives.
- Housing and homelessness were still a pressure, and a reserve had been included within the budget for affordable accommodation to enable the Council to move from the traditional temporary accommodation as it was better for families to move to a lifetime home rather than temporary accommodation. The reserve would be used to assist with delivery options when they arise e.g. Aria and Midvale to bring properties online. There was an increase in demand, but the prevention work was working well with rent support and working and negotiating with landlords to enable families to maintain their homes. The Renters Rights Bill would put pressure on landlords, and this was being monitored on a monthly basis. Schemes such as Hotels to Homes were driving forward innovation within Torbay.
- Adult Social Care Transformation - there was still a lot of work to do around this area working with Channel 3 and the ICO. Including looking at how to reshape the care market, how we support people with supported living, model of care, transition of young people with SEND from Children's Services and pressures around staffing. There was a disparity between reablement from the hospital which was very good compared to reablement within the community. A new Reablement Service had been procured and would be announced in the New Year working with three local providers to support people in the community funded through the Better Care Fund. This was a test and learn pilot with a view to moving to the Revenue Budget in future years.

7.13 Members asked questions around how the Budget related to the Business Plan and the Management Fee for SWISCo and sought reassurance that the SWISCo budget was sufficient taking into account additional in-year requests in 2025/2026.

7.14 Members asked questions around the Torbay Coast and Countryside Trust (TCCT) going into liquidation, including implications for Sites of Specific Scientific Interest (SSI).

It was too early to tell what the costs to the Council would be as a result of the changes to TCCT. There was a cost for SWISCo to provide the services and an ask for some capital investment for some of the trees and coast path to be maintained. The excellent work of the TCCT volunteers was acknowledged and the need for SWISCo to work with the volunteers and some of the former staff moving forward. There was a lot of expertise within SWISCo and they were looking to compliment that with who they need to bring in from the former TCCT and what the requirements were for management, including co-ordinating the volunteers. There had been issues with the maintenance of some of the vehicles and buildings and there may be better ways of delivering some of the elements of the services previously provided by the TCCT. SWISCo would not be running the farming operation and there would be a change in the way in which some of the land was being managed going forward. It was expected that more detailed information would be known by the Summer. Natural England and The Heritage Lottery Fund had been briefed.

7.15 Members asked questions around heritage and events, including if there were proposals to do more in the Town Centres, if employing apprentices would help with capacity in the Events Team and if there was sufficient funding in the budget for Torquay Museum and Brixham Museum and the swimming pools.

Members were advised that capacity in the Events Team was always a challenge when the Council directly delivers events such as the Illumination trail and the English Riviera Airshow. There was a lot of work involved around health and safety compliance. Apprentices would not help in this particular area. There was a need to work with Councillors and partners to ensure that we focus resources on the right things. This was covered in one of the Place Sustainability Plans looking to help prioritise staff resources. The Council was already working with South Devon College and their students having work experience with the ice rink. There was a need to make sure Torbay has skills in the community to put on events themselves.

Torquay Museum, Brixham Museum and the Geopark were all areas which needed to be reviewed, there was no intention to reduce the funding for the Museums and the National Lottery Heritage Fund was supporting work with the Geopark with Terra Firma over the next 12 months to see how they can make the Geopark intrinsic to the wider Bay. Paignton Picture House had also been supported by the Council and was due to open next year.

Members were advised that the Bay of Lights covered more than just the illumination trail in Torquay, including the train of lights in Paignton and lights and lanterns and illuminations in Brixham. There was a desire to widen the illumination trail but this was already very costly to put on and would require more investment from local businesses in order to deliver this on a wider scale. Approximately £20,000 sponsorship had been received this year towards the illumination trail as well as contributions from the English Riviera

Business Improvement District Company (ERBID). The Council needed to improve how we identify and ask local businesses to contribute towards our events which bring a lot of visitors into the Bay and money into local businesses.

It was noted that each pool was now becoming more financially secure since the Swimming Pool Support Fund grant improvement works, these works have enabled them to become more energy efficient. Officers understand that the annual grant (£12,000) from Torbay Council was helping the pools stay on top of essential maintenance works. Officers are aware that Admiral Swimming Pool is identifying and applying for grants and raising funds to renew their ventilation system and Swim Torquay are applying for grants and raising funds to refurbish their changing rooms. The Council has not had any requests from them for further Council funding.

7.16 Members asked questions around the funding for Local Government Reorganisation (LGR) and if funding was provided by the Government.

All costs associated with LGR had to be met by the local authorities themselves. There was no additional funding from the Government to cover any costs.

7.17 Members were advised that they key costs impacting on Corporate Services related to ICT, Legal Services and LGR and making sure that the Council can keep running properly and safely. The Council was still facing staffing challenges in Legal Services with the current approach to directly appoint staff being successful but the volume of work against available staff was still a challenge. Investment was required to maintain our IT resilience. There were also additional costs for the Libraries to cover increases in National Insurance etc. costs.

## **Capital Budget**

### **8 Key Lines of Enquiry**

8.1 Members asked questions in relation to the SWISCo capital programme e.g. fleet replacement scheme.

The Council had approved a capital loan to SWISCo on 11 September 2025 to enable them to modernise their fleet of vehicles to be funded from reduced costs on leases and maintenance of older vehicles – see [Agenda for Council on Thursday, 11 September 2025, 5.30 pm](#). A note on the fleet replacement was circulated to the Members of the Panel on 9 January 2026.

8.2 Members sought reassurance that lessons had been learned from the overspend and delay for the Armada Park and Torre Valley North projects.

It was noted that this had been impacted by ability to use unallocated Section 106 funding, tying down match funding and relationships with the voluntary groups. A lessons learnt report was due to be presented to the Capital and Growth Board in January 2026 and would come to the Cabinet Regeneration and Capital Projects Working party after that. Reassurance was given that all

requests for Section 106 Funding above £50,000 would go via the Capital and Growth Board in the future to include details of the scheme, funding and costs. A report would also be presented to the Working Party on CIL and Section 106 funding so that Members were updated on the current sums available to see what opportunities there were for more flexible use or combining funds where appropriate. It was noted that the pace of CIL contributions was going to decrease due to the lack of developments and the number of proposals being land banked. This was also impacted by affordable housing schemes with a need for more private led housing schemes to come through.

8.3 Members asked for a written response on the amount of loss in business rates and rents for The Strand and Union Square.

For the Strand an overspend on Business rates of **£108k** for 2026/2027 was estimated.

For Union Square an overspend of £400k as the net pressure across the following areas was estimated:

- Business Rates = **£100k**
- Loss of rental income = **£300k**

The total estimated pressure was £508k, hence the £500k proposed within the 2026/2027 budget papers.

8.4 Members asked for clarification on the Reserves.

The Revenue Reserves Policy was included within the Priorities and Resources Review Panel pack for the 10 December 2025 meeting (pages 119 - 130) and provides further information on the Council's reserves and their governance and principles etc.

This year the only transfer planned/highlighted within the paper was the transfer of surplus reserves within the collection fund to increase the Major Repairs and Maintenance reserve to £1m.

The Reserves Statement was included as a table at the end of the document, which summarises the actual and estimated balance at the start of each financial year.

## 9. Conclusion

9.1 The Panel reflected and debated the information provided to them, both verbal and written, following which recommendations were formed (as set out below). Members welcomed that due to prudent management of the Revenue Budget over the past few years, there were no specific cuts to services identified within the proposals with focus being given to the high-spend areas via the Financial Sustainability Plans. Overall Members supported the Revenue and Capital Budget 2026/2027 consultation proposals. Members welcomed the additional £1.2m funding in 2026/2027 but were disappointed that due to the lack of proposed funding from the Government in future years there was a need to increase the Council Tax by the full 4.99% instead of 4.75% to try to

protect some of the Base Budget moving forward, rather than helping to ease some of the financial pressures of Torbay's residents.

9.2 Members were gravely concerned over the impact of the Government's Financial Settlement Proposals for 2027/2028 and 2028/2029. Members felt that the new Fair Funding Formula was far from fair as it failed to recognise one of its main aims being the intention to support areas of deprivation in respect of Torbay. Compared with other Councils that have similar levels of deprivation, using the Index of multiple deprivation Torbay Council is within the second highest banding (group 9), which has an average increase in Core Spending Power for 2027/2028 of 6% compared with Torbay's 1% increase. Similarly, in 2028/2029, the average increase is 5.7% compared with Torbay 0.9% increase. This will have a huge impact on Torbay's residents and the ability for the Council to provide the required support with continued cost of living pressures and high levels of poor health and people out of work. Members felt that all efforts should be made to raise awareness of this and to try to get a fair deal for Torbay moving forward and to take advantage of any opportunities for additional funding/grants.

9.3 The Panel formed the following recommendations to the Cabinet which were approved by the Overview and Scrutiny Board on 14 January 2026. (to be updated following the Board - On being put to the vote, the motion was declared carried unanimously.)

## **10. Recommendations**

10.1 That the Cabinet be recommended:

1. that any additional money received in the final Government Financial Settlement be used for an adult social care transformation reserve and that all appropriate steps be taken to work with the Government to secure additional funding to help deliver this;
2. that the Panel acknowledge the Cabinet's intention to increase the Council Tax by 4.99% in recognition of the impact on the Council's funding in 2027/2028 and 2028/2029; and
3. that the Cabinet, Directors and the Members of Parliament be recommended to continue to take all appropriate steps to provide evidence and put the Council's case forward that the Fair Funding Formula does not recognise Torbay's deprivation and the impact that it will have moving forward.