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Dear Member

## **OVERVIEW AND SCRUTINY BOARD - WEDNESDAY, 17 FEBRUARY 2021**

I am now able to enclose, for consideration at the Wednesday, 17 February 2021 meeting of the Overview and Scrutiny Board, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>	<b>Page</b>
<b>5.</b>	<b>Budget Monitoring 2020/21 - Quarter 3</b>	<b>(Pages 48 - 71)</b>

Yours sincerely

Teresa Buckley  
Clerk

**Meeting:** Overview & Scrutiny Board

**Date:** 17<sup>th</sup> February 2021

Cabinet

18<sup>th</sup> February 2021

**Wards Affected:** All Wards

**Report Title:** Budget Monitoring 2020/21 – Quarter Three

**Is the decision a key decision?** No

**When does the decision need to be implemented?** n/a

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### 1. Purpose and Introduction

- 1.1. This report provides a high level budget summary of the Council's forecasted revenue position for the financial year 2020/21. This report is based on figures as at the end of Quarter Three, 31<sup>st</sup> December 2020.
- 1.2. As this report covers the period immediately prior to the January 5<sup>th</sup> National Lockdown the figures are based upon the information known at the time. As a result of the ongoing impact of the pandemic there is therefore ongoing uncertainty over the financial impact on the Council both in the current year and in future years.
- 1.3. The main pressure areas remain relatively unchanged as they are service areas most heavily influenced by changes in behaviour of the general public and resultant financial impact; namely Car Parking income and the collection of Council Tax and Business Rates.
- 1.4. As part of the mitigating actions some expenditure restrictions have been introduced in the year, however at this stage in response to the financial impact of Covid-19 there are no reductions or closure of services proposed.
- 1.5. The Capital Plan now totals £301m over the 4 year period of which £42m relates to 2020/21 and £125m relates to 2021/22.

## 2. Recommendation (s) / Proposed Decision

- 2.1. That the Overview & Scrutiny Board notes the latest position for the Council's revenue outturn position and mitigating action identified and make any comments and/or recommendations to the Cabinet.
- 2.2. That the Overview & Scrutiny Board notes the latest position for the Council's Capital outturn position and make any comments and/or recommendations to the Cabinet.

## 3. 2020/21 Budget Summary Position

- 3.1. The below table shows a breakdown of the overall Council position and overall Covid-19 impact. Headlines from the table:

- 3.1.1. Total Covid-19 impact is £16.9m due to increased spend and income losses
- 3.1.2. The Council is expected to receive a total of £14.6m funding from MHCLG for its own cost pressures and income losses
- 3.1.3. A COVID-19 reserve will be established with an initial allocation of £1.6m
- 3.1.4. In addition to the above there are £0.5m of COVID-19 pressures in the higher needs block within the dedicated schools grant.

Covid-19 Impact	£'m
1. Covid-19 impact to revenue budget	12.6
2. Revisions to original forecast	(2.0)
3. Collection Fund shortfall	5.2
4. Pressures met from specific Reserves	1.1
<b>Total Covid-19 Impact</b>	<b>16.9</b>

Covid-19 Funding	£'m
5. MHCLG Grant	(12.1)
6. Estimated MHCLG Income reimbursement grant.	(2.6)
<b>Total Government Covid-19 Funding</b>	<b>(14.7)</b>

Council's mitigation	£'m
7. General Revenue underspend	(3.1)
8. Use of specific reserves	(1.1)
9. Collection Fund impact to be funded in future years	(5.2)
<b>Net Revenue Position</b>	<b>(7.2)</b>

- 3.2. A narrative of the service variances is contained in section 6.

## Collection Fund – shortfall £5.2m

- 3.3. Due to the local economic impact of Covid-19 the collection fund was expected to have a £5.2m shortfall. This pressure is due to shortfalls in the collection of Business Rates & Council Tax income and increased demand for reduced Council Tax bills through the Council Tax Support Scheme (CTSS) which represent the scale of impact on local households and businesses.
- 3.4. Under the collection fund accounting rules any shortfall on the collection fund is carried forward to the following financial year to be funded. The Government has announced that Council's will be able to fund Council and business rates tax deficits over three years instead of one. Due to enhanced recent collection activity this deficit is expected to reduce by end of March 2021.
- 3.5. This change results in a shortfall in funding which needs to be funded in future years. If no specific funding is provided, this will need to be funded as part of setting the 2021/22 budget.
- 3.6. In the Local Government Finance Settlement, the MHCLG announced a one off grant to support for councils for irrecoverable losses in a Council's tax base, (but not for any losses in collection of tax). The detail of this grant is currently uncertain and is likely to be accounted for in 2020/21.
- 3.7. Given the continued improvements to General Revenue underspend (item 7 in the above table) a specific earmarked reserve will be established and utilised to contribute towards the 3-year "spread" of the 2020/21 Collection Fund losses. This will reduce the future year pressure which would otherwise need to be identified through savings in 2021/22. The establishment of this earmarked reserve is subject to continued stability within Children's Services.

## 4. Grant Support

- 4.1. There are two key schemes which provide direct funding to offset increased expenditure and income losses. This support has been received through un-ring-fenced grants as well as the income reimbursement scheme.
- 4.2. At the time of writing this report the Council has received four tranches of un-ring-fenced funding for Council's to use to offset increased expenditure and income losses.
- 4.3. To offset increased expenditure Torbay Council has received a total of £12.07m so far. This has been allocated in 4 tranches of funding.

Date	Total Funding £'m	Torbay Share	
		£'m	%
19-Mar	1,600	5.372	0.34%
18-Apr	1,594	3.765	0.24%
02-Jul	494	1.310	0.27%
22-Oct	919	1.623	0.18%
<b>Total</b>	<b>4,607</b>	<b>12.07</b>	<b>0.26%</b>

- 4.4. The Government has confirmed that there will be a 5<sup>th</sup> Tranche of funding in the financial year 2021/22 and the Sales Fees & Charges reimbursement scheme will be extended until the end of June.
- 4.5. In addition to the un-ring fenced grants and the Income reimbursement Grant, Central Government have issued a number of other grants related to Covid-19.
- 4.6. Under Financial Regulations (5.5) "The Chief Finance Officer, in consultation with the Leader of the Council, to determine the allocation and expenditure of any new revenue grant monies that are received during the year". Therefore these grants will be applied to the purpose specified and will be included in the 2020/21 budget monitoring. These are listed below:

Grant	£000	Purpose
Infection Control	5,060	To support ASC providers with infection control measures. Funding will be passported to suppliers (via ICO) (two tranches)
Opening High Streets	121	To support opening of high streets. Spend managed by TDA.
Emergency Assistance	185	To help local authorities to continue to support those struggling to afford food and other essentials over the coming months due to COVID-19.
Winter Spend Grant	500	Similar to above now includes schools
Test, Track & Trace	886	To support the mitigation and management of local outbreaks of COVID.
Hardship Fund	1,611	To support Council Tax Support scheme claimants. All working age claimants council tax bills have been reduced by £150 and the balance is to be used for the discretionary hardship fund.
Business Grants Lockdown#1	47,490	Funding to support the Business Grant and Discretionary Business Grant scheme under guidance by BEIS. Note: Torbay is acting as "agent" here so this funding will not form part of budget.
Business Grants Lockdown#2&3	28,612	Funding to support the Business Grant and Discretionary Business Grant scheme under guidance by BEIS. Note: Torbay is acting as "agent" here so this funding will not form part of budget.
Transport Access	55	Grant to support development of alternative travel to public transport
Business Improvement District (BID) support	25	Support to BID companies to cover the equivalent of core operational costs for three months.
Coronavirus Rough Sleeping Contingency Fund	12	Support for Covid19 impact on homelessness
School Transport	200	Funding for additional, dedicated public transport provision for school pupils.

Social Isolation	138	Payment of £500 to those self-isolating under track and trace
Surge Enforcement	81	To fund costs of enforcement of lockdown
Clinically Extremely Vulnerable	90	To fund costs of support and shielding of vulnerable residents
Contain Outbreak Management Fund	2,270	Public Health funding to strengthen the local public health response to Covid-19 (estimate to end February).
ASC Rapid Testing	666	Funding will be passported via the ICO.
ASC Workforce	414	Funding will be passported via the ICO.

## 5. Strategic Updates

### Wholly owned companies

5.1. Covid-19 also presents challenges to the Council's wholly owned companies.

5.2. SWISCo started trading in July 2020 and although the cost of the services provided are lower than with TOR2 not all the expected savings have yet been realised. In addition COVID-19 has impact on external income such as trade waste and recycling rates. As a result the Council will make an additional £0.5m contribution to SWISCo.

5.3. In 2020/21 the Council has provided £200k of support for economic recovery and an element of COVID-19 related deficit funding to TDA to ensure a break even position for the TDA.

### Higher Needs Block – Special Education Needs

5.4. The schools' higher needs block in the Dedicated Schools Grant (DSG) has been under financial pressure as a result of an increasing level of referrals from schools for higher needs support for children. It is estimated that the impact of COVID-19 has increased costs by £0.5m.

5.5. The DSG reserve was in a £3.7m deficit at the end of 2019/20. For 2020/21 there is a forecast overspend of £2.6m. Despite £1.9m of additional funding for 2021/22 a deficit budget of £2.6m has been set for 2021/22.

5.6. As a result, the deficit at the end of the financial year 2021/22 is expected to be in the region of £9m.

5.7. The Council does not receive any funding for schools therefore the over spend will remain in the DSG to be funded from DSG in future years and is therefore not a cost that the Council has to fund. This position is now confirmed by the School and Early Year Finance (England) Regulations 2020.

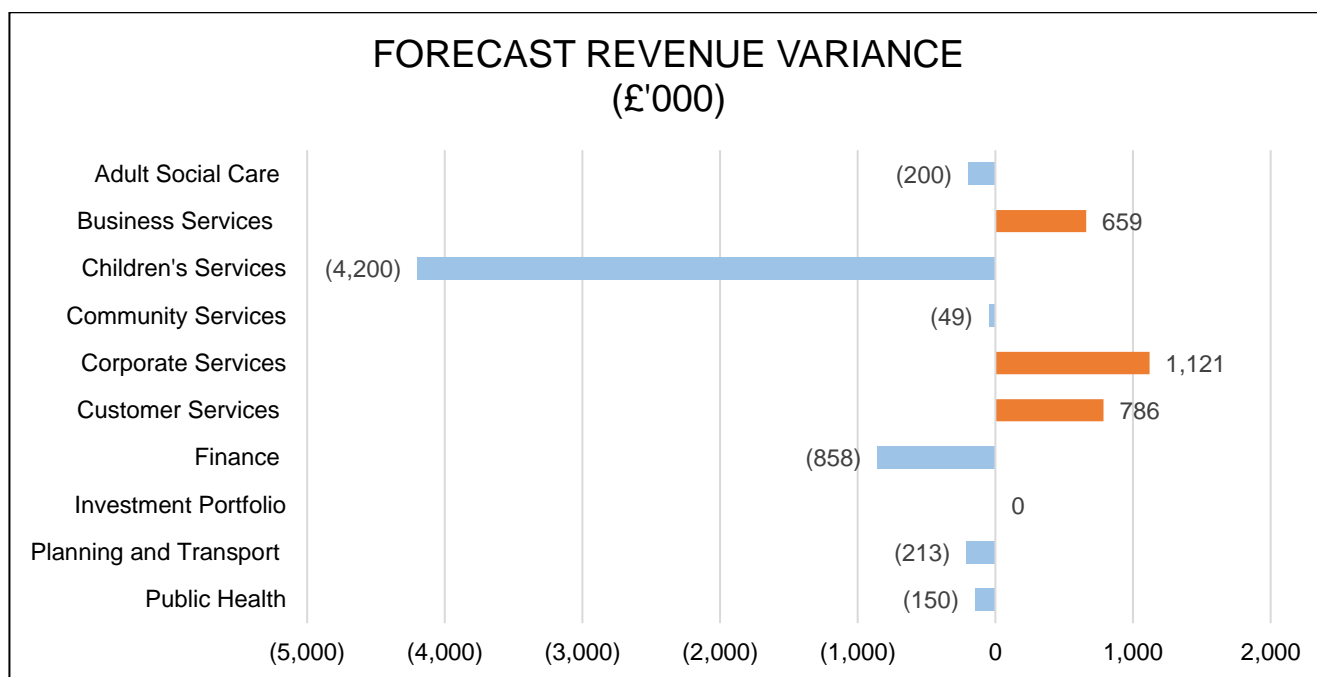
5.8. Representatives from the Council and the School Forum continue to work with the Education & Skills Funding Agency (ESFA) to discuss the proposed financial recovery plan that was submitted to the ESFA in the 2019/20 financial year.

#### £300m Investment fund

5.9. Following the outcome of the HM Treasury consultation borrowing from the PWLB is prohibited for authorities which have any Investment purchases, known as “debt for yield”. As a result, the Investment fund has been closed and the Council will not be conducting any future activity of this nature.

## **6. Service Budgets**

6.1. The below graph shows a visual breakdown, highlighting budget variance for each service after the application of Covid-19 Funding.



6.2. The budget position below reflects the revised budget presented to Overview & Scrutiny Board and **includes the application of Covid-19 Funding** to offset the Covid related pressures described.

Torbay Council Revenue Quarter 3 2020/21	Budget £000s	Outturn £000s	Revised Variance £000s	Variance Reported at Q2 £000s	Movement £000s
1. Adult Social Care	38,907	38,707	(200)	(200)	0
2. Business Services	16,816	17,475	659	385	274
3. Children's Services	47,321	43,121	(4,200)	(3,300)	(900)
4. Community Services	2,748	2,699	(49)	(92)	43
5. Corporate Services	4,369	5,490	1,121	724	397
6. Customer Services	2,880	3,666	786	757	29
7. Finance	(10,229)	(11,087)	(858)	(1,042)	184
8. Investment Portfolio	(4,641)	(4,641)	0	0	0
9. Planning and Transport	7,331	7,118	(213)	(69)	(144)
10. Public Health	10,392	10,242	(150)	(150)	0
<b>Revenue total</b>	<b>115,894</b>	<b>112,790</b>	<b>(3,104)</b>	<b>(2,987)</b>	<b>(117)</b>

6.3. A narrative of the position and main variances in each service area is as follows;

1. Adult Social Care – Underspend of £200k

- 6.4. Whilst the majority of this budget is spent against a fixed contract with the ICO the council is expecting to provide additional support to Adult Social Care providers to ensure the provision of care is maintained throughout this pandemic.
- 6.5. Due to slightly higher than budgeted contributions towards the Better Care Fund (BCF) from the CCG there is a forecast underspend of £200k.
- 6.6. Community and Voluntary Sector organisations who have been supporting the community response to Covid-19 have also been allocated additional financial support to strengthen their fantastic work as part of the community response. So far this totals £0.25m.
- 6.7. Based on the initial MHCLG un-ringfenced grant funding allocations, in consultation with the Section 151 Officer, £2.0m was allocated to the ICO to support Adult Social Care providers. This funding is in addition to the specific ASC sector grants detailed under paragraph 4.7.



## 2. Business Services – Overspend £659k

- 6.8. Due to the extended Government lockdown and significantly reduced use of car parks income forecasts have worsened since the last report by £400k. The expected shortfall is now expected to exceed £2.5m.
- 6.9. The extension of the Sales, Fees & Charges reimbursement scheme offers some relief for the first Quarter of 2021/22. However, if the scheme is not extended beyond June and restrictions on foreign travel are lifted a lack of visitors over the summer months will have a significant impact on the Councils financial position in 2021/22.
- 6.10. There are additional income pressures across:
- Harbours shortfall on income £250k due to reduced visiting vessels and fish tolls
  - Culture & Events is expecting an £80k shortfall due to the cancellation of local events & Torre Abbey £220k due to opening restrictions.
  - Beach Services is forecasting a shortfall of £80k due to lost sales as a result of lockdown.
- 6.11. As a result of the prolonged closure of Leisure centres, financial support for local centres is now close to £1m. This is £0.7m for the RICC and £0.3m for Clennon Valley. Torbay Council has submitted bids to the 'National Leisure Recovery Fund' which if successful will partially offset the cost of this support.

## 3. Children's Services – Underspend £4.2m

- 6.12. Within Children's Services there is a total forecast underspend of £4.2m which is a significant improvement from the Quarter 2 position. This is due to continued hard work within the Safeguarding teams to manage placement numbers and achieve planned step-downs for placements. This results in significant financial savings, but more importantly ensures improved outcomes for Children and families and ensures where it is safe and appropriate to do so children and young people live in family based settings.
- 6.13. Children's Safeguarding has in recent years been the cause of financial pressure within the Directorate. The below table shows a comparison of the annual spend on safeguarding over the last 3 complete financial years and forecast spend for 2020/21.

<b>Children's Safeguarding Service</b>	<b>2017/18 £'m</b>	<b>2018/19 £'m</b>	<b>2019/20 £'m</b>	<b>2020/21 £'m</b>
Spend	28.7	33.1	41.0	38.4

- 6.14. In 2020/21 the Council approved a significant investment into Children's Services in order to address the historic issues faced by the service. This investment focused on improving outcomes for children and young people as well as improving the experience for staff. As a result of this renewed focus on improving Children's safeguarding, in 2020/21 we have also seen a reduction in year on year spend in compared to 2019/20.

6.15. This reduced spend is mainly due to the significant and maintained reduction in the residential placements which currently has an average cost of £4.5k per week. There has also been a decrease in the number of Independent Foster Placements which are via agencies and are significantly more expensive.

Placement types for 2020/21	April	August	December
Residential Placement	28	26	23
IFA Fostering Placement	101	92	89

6.16. For comparison residential placements peaked at 44 in September 2019. Maintaining

6.17. As well as an improvement in the mix of placements overall LAC numbers have also decreased significantly. Since September 2019 LAC numbers have decreased from 350 to 322.

6.18. The other historic pressure in Children's social care has been agency staff which has also decreased over the last 12 months. As at 31<sup>st</sup> December, there were 45.8FTE of Agency staff. Reductions in Agency staff and delays to recruitment activity results in a forecast underspend on staffing of £0.7m based on the latest recruitment timetable.

6.19. Changes in ways of working implemented due to Covid-19 restrictions have also resulted in a forecast £190k savings due to reduced costs of recruitment, travel, printing and postage etc.

6.20. This very welcome improvements to long term trends does not mean the hard work is over, Torbay's total spend on Children's Safeguarding still remains one of the highest when compared to its statistical comparator group. Further improvements to this service remains central to the success of the Medium Term Resource Plan.

6.21. Whilst these updates contained within this finance report understandably focus on the financial impact of the changes, the most significant impact of all of 'the numbers' is that children & young people growing up in Torbay have improved outcomes.

### 3a. Education – Pressure £0.15m

6.22. Due to social distancing restrictions there are implications on the current home to school travel arrangements for children with Special Educational Needs (SEN). Before lockdown this service cost £54k per week on transporting 454 children "door to door".

6.23. With the requirement to comply with social distancing restrictions the weekly costs have increased, costing the Council an additional £0.15m for the remainder of this financial year.

6.24. Government financial support has been received to offset the costs of providing additional public transport during school travel times. The council has worked with both bus and rail operators to ensure additional public transport was available from the start of this term.

#### 4. Community Services – Underspend £49k

- 6.25. The main pressure within Community Services is the cost of providing temporary accommodation which is forecast to be a total of £938k. This additional cost is as a result of providing accommodation and support as part of the “Everyone In” initiative. The service is concerned that demand for this service will remain high for the remainder of the year and will continue to 2021/22 as economic pressures continue.
- 6.26. At the “peak”, this service was providing accommodation an additional 121 people.
- 6.27. Following a successful bid for the Next Steps Accommodation Programme, the Council has received £270k of funding towards the revenue costs for 2020/21. As a result of the work of the team to support individuals and also working with local landlords they have enabled the majority of people to move on. As at the end of December, of the “Everyone In” Initiative there were only 24 people remaining in Temporary Accommodation.
- 6.28. The Council was also successful in receiving funding for a capital bid for the Next Steps Accommodation Programme. More details on this are in the capital section of this report.
- 6.29. There are some expected shortfalls in income associated with the Food safety and licensing of £150k due to restrictions on the work the team were able to undertake due to lockdown restrictions.

#### 5. Corporate Services – Overspend £1.1m

- 6.30. Within legal services there is a forecast overspend of £0.6m. This is in part due to the ongoing costs associated with Agency Staff of £390k, predominantly as a result of the support for Adult Safeguarding. There are renewed efforts to recruit to permanent staff including a review of market supplements and a “grow our own” approach. Recharges and income associated with Legal work is forecasting a shortfall of £200k based on historic levels of income achievement.
- 6.31. Of the total £386k of historic transformation savings for delivery in 2020/21 £125k will be undelivered. This is due to the significant amount of Covid-19 response work undertaken by key officers leading on Council Redesign. These savings will need to be delivered in 2021/22. This will be partially offset by salary savings of £100k.
- 6.32. There is an income shortfall of £158k associated with the Print service, in line with recent years.
- 6.33. Although income levels have started to improve the Registrars service is forecasting a shortfall of £145k in income due to social distancing restrictions on the registration of Births and Marriages. With a significant number of weddings re-booked for 2021/22 calendar it is hoped that next year’s income will recover.

## 6. Customer Services – Overspend £786k

- 6.34. Housing benefit pressures are forecast of £400k due to the subsidy received by the Council. This is due to the reducing numbers of claimants for Housing Benefit as claimants transition to Universal Credit which reduced the Administration grant received by the Council and this reduction also affects the “mix” of claimants and resultant subsidy for the claimants.
- 6.35. Due to the lack of availability for Court dates, the Council was unable to establish Liability Orders in respect of unpaid Council Tax or Business Rates. This presents a further income pressure. Court dates have now been scheduled from January 2021 which may improve this position late on in the financial year.
- 6.36. There are £200k of additional staff costs associated with the increased demand within customer services associated with the delivery of support for individuals and businesses in accessing support.

## 7. Finance – Underspend £0.9m

- 6.37. Within this budget heading there are a number of centrally held Covid-19 expenditure items which are funded by the Government grants received.
- 6.38. As a result of reduced interest rates and no requirement for borrowing due to a pause on Investment Fund activity there are Treasury Management savings of £750k.
- 6.39. There are costs of £842k associated with the Temporary mortuary facility that has been set up by the Council. The facility has been in place since April, and based on the projections for use was partially downsized. The revised facility still has the flexibility to scale up in the event that increased capacity was required.
- 6.40. The costs of the emergency response for the financial year including the Shielding Hub which has been set up to provide support for individuals on the Governments shielding list, additional communication with the community, purchase of PPE, and additional bandwidth for homeworking is forecast to cost up to £400k. The Shielding Hub has provided a range of support for the community and includes a contact centre as well as the provision of food parcels and PPE.
- 6.41. There are pressures associated Business Rates Collection from a reduced “gain” from the NNDR rate retention pool. This is due to a predicted downturn in rates collection across the Devon-wide pool which results in less funding being re-distributed across the pool. In addition the significant changes in NNDR reliefs, in particular the 100% reliefs for retail, leisure and hospitality, has changed the mix of reliefs in year and the resulting grant support.
- 6.42. £300k of contingencies for shortfall in income have been released to mitigate budget shortfalls. There is an impact on interest receipts from the reduction in bank base rate from 0.75% to 0.1% however this is forecast to be offset by compensating savings elsewhere in the treasury management budgets.
- 6.43. Due to the significantly increased activity in the Revenues & Benefits function additional resources (£100k) have been approved to support the team in administering the Collection Fund. The Council has received additional “new burdens” funding which reflects the huge volume of additional work undertaken by the Business Rates &

Council Tax teams in the response to Covid-19, particularly around the payment of business grants, administration of reliefs and re-billing.

#### 8. Investment Properties – Breakeven £0k

- 6.44. There are pressures associated with investment property income which will be offset by use of the investment fund reserve which is set up as part of every investment property purchase.
- 6.45. The purpose of this reserve is to meet temporary income shortfalls on investment properties across the portfolio. The in year shortfall from these properties is still an evolving position, however the year end shortfall, to be funded from the reserve, could be up to £1m depending on the assessment of the collectability of the income due.

#### 9. Planning & Transport – Underspend £213k

- 6.46. A reduced contribution for concessionary fares of £200k is forecast due to reduced usage of the main bus routes.
- 6.47. The service has seen reduced income levels for planning fees of £170k. This is partially offset by the Sales, Fees & Charges scheme.

#### 10. Public Health – Underspend £150k

- 6.48. The majority of Public Health activity is funded by the ring-fenced grant. There is an underspend on the Joint Commissioning team salaries of £150k.
- 6.49. The Public Health team have been central to the local management of the Covid-19 response and coordinating a range of initiatives to ensure safe and effective management of Covid-19 within the local area.
- 6.50. The Council has received £886k to support the Test, Track and Trace work carried out locally. Based on current resource allocations this activity is expected to continue into the 2021/22 financial year.

### **7. Mitigating actions**

- 7.1. Work continues to ensure the 2020/21 financial position remains under control and mitigation is undertaken to limit income losses. Attention is also shifting towards the 2021/22 financial year. Work has begun to identify and develop mitigation for covid related pressures which could continue into the 2021/22 and future years.
- 7.2. The financial impact on 2020/21 is constantly evolving and forecasts will be updated as more “actuals” are known. The underlying assumptions are updated linked to service pressures and revised Government guidance and funding announcements.
- 7.3. The financial impact for the Council will depend on the level of recovery in Torbay. This recovery is in terms of both the local economic recovery and collection of Council Tax and NNDR which is vital to fund the delivery of local public services.
- 7.4. The Chief Financial Officer and his team are closely monitoring the Council's cash flow. At this stage there are no concerns about cash flow for the remainder of the financial year.

## Risks & Sensitivity

8.1 There are a number of financial risks facing the Council as shown below:

Risk	Impact	Mitigation
Continued loss of income	High	Recovery meetings have been convened by the Chief Finance Officer for all the Council's main areas of income. Each group is tasked with developing an action plan to influence income where possible
Collection Fund shortfall	High	Additional resources allocated to support the Revenues & Benefits team and a review of debt recovery will be undertaken.
Fair Funding Formula	Medium	Development of a robust MTRP to address the expected impact on Torbay's funding. Timing of this funding change is now 2022/23 at the earliest.
Identification, and delivery, of savings for 2022/23 to 2024/25 per Medium Term Resource Plan	High	Senior Leadership Team and Cabinet will need to consider options for future years.
Delivery of Children's Services cost reduction plan	Medium	Meetings continue to monitor the current rate of delivery against the identified actions from the Sufficiency Plan.
Unable to recruit staff and need to use agency staff.	High	Recruitment & retention of Social Work staff, particularly in safeguarding is still one of the core priorities for the Senior management team within Children's Services.
Additional demand and cost pressures for services particularly in children's social care	Low	2020/21 Budget monitoring, use of service performance data and recovery plan.
Delivery of approved savings for 2020/21	Medium	Further to regular budget monitoring for all budget holders, the Council's Senior Leadership Team receive monthly updates on the 2020/21 position.
Investment Property Income changes	High	There are ongoing discussions with tenants about recovery plans

## 9 Capital Plan Update

**9.1** The Capital Plan Budget has been updated for any further revision to both projects and timing, resulting in the latest revision attached at Appendix 1. The Plan now totals £301m over the 4 year period of which £42m relates to 2020/21 and £125m relates to 2021/22.

**9.2** The movements in the estimate of expenditure in 2020/21 on the Capital Plan between the last monitoring report at September 2020 of £60.3m and the current approved budget for 2020/21 of £42.1m are shown below.

## 10 Updates to Capital Plan

Scheme	Variation in 2020/21	Change £m	Reason
<b>Estimate as at Q2 2020/21</b>		<b>60.3</b>	Capital Plan Update – 2020/21 Quarter 2 (Cabinet Report 17 <sup>th</sup> Nov 2020)
<b>Budget changes since last report (Q2 2020/21)</b>			
<b>Thriving People and Communities</b>			
Capital Repairs and Maintenance 20/21	Rephased budget	(0.3)	Part budget moved to 2021/22
Mayfield Expansion	Rephased budget	(0.2)	Part budget transferred to 2021/22
Special Provision Fund	Rescheduled	(0.2)	Part budget transferred to next year
Roselands Primary Classroom	Rephased budget	(0.1)	Part budget transferred to next year
St Cuthbert Mayne Expansion	Rephased budget	(0.2)	Part budget transferred to next year
Adult Social Care	Rephased budget	(0.2)	Budget transfer to 2021/22
Disabled Facilities Grants	Additional grant	0.2	Additional Govt. grant allocation
Extra Care Housing-Torre Marine	Additional resources	0.6 (1.5)	Funding transferred from Affordable Housing budget Budget re-profiled to next year
Affordable Housing	Reallocation	(0.2) (0.6) (0.7)	Part budget allocated to Next Steps project as TC match funding Part budget allocated to Torre Marine Budget rescheduled to 2021/22
Housing Company loan	Reallocation	(0.9)	Part budget allocated to Next Steps project as Council TC match funding

Scheme	Variation in 2020/21	Change £m	Reason
		(4.3)	
<b>Thriving Economy</b>			
Edginswell Business Park	Rephased budget	(3.3)	Budget transferred to 2021/22
Torbay Innovation Centre Ph3 EPIC	Reallocation	(0.1)	Part budget to new EPIC / SD College LEP scheme as match funding
South Devon Highway	Rephased budget	(0.8)	Budget transferred to 21/22 to reflect current DCC estimated spend.
TEDC Capital Loan	Rephased budget	(0.6)	Budget transferred to 2021/22
Transport – Highways Structural Maintenance	Budget transfer	(0.3)	Budget moved to support Babbacombe Beach Road works
Transport – Integrated Transport Block	Additional grant allocation	0.1	Second tranche Active Travel Fund
Transport – Torquay Gateway	Budget to 2021/22	(0.3)	Rephased to reflect latest estimates of expenditure
Babbacombe Beach Road	Increased budget	0.3	Budget transfer from Highways Structural Maintenance to support scheme.
Flood Alleviation - Monksbridge	Re phased budget	(0.2)	Part of Budget moved to 21/22
Paignton Coastal Defence Scheme	New scheme budget	(0.1)	Estimated part of budget to next year.
Princess Pier Structural Repairs	Re phased budget	(0.1)	Unused budget moved to next year 21/22
RICC Improvements (Parkwood)	Re phased budget	(0.8)	Work delayed so budget transferred to next year
EPIC / SD College Equipment (LEP-GBF)	New scheme	1.2 (0.5)	New project following successful bid application Budget transferred to next year
Edginswell Park Gateway (LEP-GBF)	New scheme	2.0 (1.7)	New project following successful bid application. Budget moved to 2021/22
Lymington Road Business Centre (LEP-GBF)	New scheme	2.8 (2.7)	New project following successful bid application. Reported to Cabinet Dec 20 Part budget rephased to 2021/22



<b>Scheme</b>	<b>Variation in 2020/21</b>	<b>Change £m</b>	<b>Reason</b>
Old Toll House (Economic Growth Fund)	Rephased budget	(0.1)	Budget moved to next year
Town Centre Regen. and Econ Growth Fund	Reallocation	(0.8)	Budget allocated to support Lymington Road LEP scheme
		(2.6)	Budget rescheduled to 2021/22
Harbour View Hotel development	Budget reprofiled	(4.0)	Budget rephased to reflect latest expectations following delays.
TCCT Oocombe Farm development	Budget rephased	(0.7)	Loan now expected to be drawn down next year
		<b>(13.3)</b>	
<b>Tackling Climate Change</b>			
Solar Farm, Nightingale Park	Rephased budget	(0.1)	Budget moved to reflect latest projections
		<b>(0.1)</b>	
<b>Council fit for the Future</b>			
Essential Capital Repairs	Budget reprofiled	(0.5)	Budget transferred to 2021/22
		<b>(0.5)</b>	
<b>Estimate – Quarter Three 2020/21</b>		<b>42.1</b>	

## **Thriving People and Communities**

- 10.1 Capital Repairs and Maintenance 20/21 – As much of this work needs to be programmed for school holiday times some of these projects will be undertaken during Easter and Summer breaks 2021 consequently part of the budget £0.25m has been moved to next financial year.
- 10.2 Mayfield expansion – Start on site is not now expected until Easter 2021 and £0.15m of the budget has been rephased to 2021/22.
- 10.3 Special Provision Fund – Whilst these monies have been allocated to projects some will not complete works until summer 2021 so £0.2m has been rescheduled to next year.
- 10.4 Roselands Primary Additional Classroom – Phase 1 of the work has been completed but the whole scheme will not be finished until 2021/22 and £0.07m budget has been transferred to reflect this.
- 10.5 St. Cuthbert Mayne Expansion – Initial feasibility work has been completed however the latest projections indicate that £0.2m of the budget will not be required until next year.

- 10.6 Foster Homes Adaptations – total funding of £0.3m has been provided to enable adaptations to Foster Carers' homes over future years from 2021/22. The funding will come from revenue contributions.
- 10.7 Adult Social Care – the remaining £0.24m budget earmarked for grants for Care Home improvements is unlikely to be needed this year so has been moved to next year.
- 10.8 Extra Care Housing – Torre Marine. £0.6m of resources from Affordable Housing transferred to support Extra Care Housing project at Torre Marine. A further £0.85m has been added to the budget in 2021/22 from an *assumed* Adult Social Care element of 2021/22 DFG grant allocation. This allocation will be reviewed when actual grant announcement is received. Little expenditure is expected in this financial year so £1.5m budget has been moved to 2021/22.
- 10.9 Disabled Facilities Grants – additional grant allocation of £0.253m received which has been added to the DFG budget to enable further home adaptations.
- 10.10 Affordable Housing – £0.2m and £0.6m have been reallocated to the Next Steps Accommodation project and the Extra Care Housing project at Torre Marine respectively. It is unlikely the remaining £0.7m budget will be used this financial year so has been transferred to next year.
- 10.11 Next Steps Accommodation Project – following the award of approx. £1.0 grant funding the Council is required to contribute £1.1m towards the scheme which is expected to be delivered using Tor Vista Homes. The Council's funding will come from its Affordable Housing and Housing Company Loan budget allocations, resources already within the Capital Plan.

## **Thriving Economy**

- 10.12 Edginswell Business Park – Plans for the development of this site are progressing slowly consequently £3.3m of the budget has now been re-profiled to next year.
- 10.13 Edginswell Station – This scheme has been on hold awaiting funding opportunities to finance the building costs. Amongst the Spending Review announcements in November 2020 the Dept. for Transport awarded the Council some New Stations Fund 3 grant of £7.883m towards the delivery of Edginswell Station. The station will require further funding of £5.2m which will largely come from the Council's Town Deal and Integrated Transport Block grant allocations. Much of the preliminary investigation and design work has already been undertaken and it is anticipated construction could commence around the end of next financial year. The scheme has therefore been reinstated to the Capital Plan with expenditure likely to spread across a couple of financial years.
- 10.14 Torbay Innovation Centre EPIC – £0.1m of the remaining budget has been transferred to provide match funding for the EPIC / SD College Equipment (LEP Getting Building Fund) project – see paragraph 10.30 below.
- 10.15 TEDC Capital Loan – currently not expected that this loan will be drawn down this year so the £0.575m budget has been moved to next financial year.

- 10.16 South Devon Highway – Latest estimates from Devon County Council indicate that £0.8m of the remaining budget will not be spent until next year. Also, depending on the level of claim settlements there is still potential to require additional resources for this project.
- 10.17 Transport – Highways Structural Maintenance – £0.27m of the structural maintenance budget has been moved to provide additional resources for stabilisation work at Babbacombe Beach Road.
- 10.18 Transport Integrated Transport Schemes – The second tranche of the Government's Active Travel Fund has now been advised and the Council will receive £0.1m capital grant, along with a small revenue grant, to provide better spaces for pedestrian and cycle traffic.
- 10.19 Transport –Torquay Gateway –Newton Road widening works have commenced and will complete in October 2021 so budget of £0.3m has been moved to 2021/22 accordingly.
- 10.20 Babbacombe Beach Road – Some preliminary works have been started and a further budget transfer of £0.27m from Highways Structural Maintenance has been made to fund the stabilisation work. It is currently expected that the scheme will not be completed until 2021/22 so a small part of the budget £0.02m has been transferred to next year.
- 10.21 Monksbridge Flood alleviation - some further modelling is being done by South West Water on drainage capacity which has delayed the scheme. Whilst a decision from SWW is still awaited it is hoped to start on site in April 2021 with completion by December 2021, however £0.185m of the budget will now be transferred to next financial year as a result of the delay.
- 10.22 Paignton Coastal Defence Scheme – the Environment Agency grant funding has been secured and planning approval is being sought in January 2021. If planning is approved work could commence later in 2021. The Environment Agency are keen to accelerate their funding if possible, however £0.1m of the budget has been moved to next financial year to match latest expectations.
- 10.23 Princess Pier Structural repairs – The scheduled works have been completed and £0.07m of the remaining budget has been moved to next financial year pending further works and Environment Agency grant.
- 10.24 RICC improvements – the proposed works are delayed awaiting the completion of the management lease agreement, as a result £0.7m budget is moved to next financial year.
- 10.25 Town Centre Regeneration (including Economic Growth Fund) – £0.85m of the Economic Growth Funding is being used to fund the Lymington Road Business Centre expansion (see below). The remaining £2.555m budget in 2020/21 is unlikely to be required this year so has been transferred to 2021/22.
- 10.26 Town Centre Regen – Harbour View Hotel – construction programme has extended following delays awaiting South West Water consents and the pandemic resulting in £4m budget moving from the current year to 2021/22.
- 10.27 Old Toll House - Works have been delayed by a legal dispute as a result £0.1m budget has been transferred to 2021/22.

- 10.28 TCCT Ocombe Farm Redevelopment – the majority of work on this redevelopment is now expected next year so a further £0.7m budget has been transferred accordingly.
- 10.29 Lymington Road Business Centre – A scheme to provide additional workspace for small businesses at Torquay Coach Station. Again this follows a grant allocation from the LEP Getting Building Fund of £1.96m. The balance of funding required of £0.85m is to come from the Economic Growth Fund, as approved by Cabinet in December 2020. Whilst initial costs are being incurred most of this budget will not be spent this year so £2.7m has been rescheduled to 2021/22.
- 10.30 Edginswell Enabling Work – a new scheme to provide necessary infrastructure to enable further development of this important ‘gateway’ site. The Local Enterprise Partnership (LEP) has awarded a grant allocation of £1.96m towards the scheme from its Getting Building Fund. Again part (£1.7m) of the budget has been moved to next financial year
- 10.31 EPIC / South Devon College Equipment – LEP Getting Building Fund grant allocation of £0.98m to enable these two centres to acquire hi-tech equipment to enhance the facilities available at the sites. Contributions of £0.1m from both Torbay Council and South Devon College will also be required and utilised. £0.5m of the budget is not expected to be spent until next year, so this has been transferred.

### **Tackling Climate Change**

- 10.32 Council Fleet Vehicles - the second batch of 11 recycling vehicles were delivered in December and January.
- 10.33 Solar Farm, Nightingale Park - £0.1m budget is rephased to next year.

### **Council Fit for the Future**

- 10.34 Essential Capital Repairs – Whilst this budget has been required for some urgent works this year it is considered that £0.5m of the budget could be moved to next year.

### **Investment Fund**

- 10.35 As part of the Governments Spending Review announced on 25 November 2020, and following a consultation exercise, the Government confirmed that no further PWLB borrowing would be allowed for authorities if there were any current or future plans to buy investment assets primarily for yield. Consequently the remaining £68.8m balance on the Council’s approved Investment Fund has now been removed from the Capital Plan.

## 11 Receipts & Funding

- 11.1 The funding identified for the latest Capital Plan budget is shown in Appendix 1. This is based on the latest prediction of capital resources available to fund the budgeted expenditure over the next 4 years. A summary of the funding of the Capital Plan is shown in the Table below:

<b>Funding</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>totals @ Q3 20/21</b>
	£m	£m	£m	£m	£m
Unsupported Borrowing	21	99	76	10	206
Grants	18	22	26	18	84
Contributions	1	1	0	0	2
Revenue	0	0	0	0	0
Reserves	1	1	0	0	2
Capital Receipts	1	2	4	0	7
<b>Total</b>	<b>42</b>	<b>125</b>	<b>106</b>	<b>28</b>	<b>301</b>

## 12 Grants

- 12.1 The Council has received confirmation of the following capital grant allocations:

- 12.2 Local Enterprise Partnership – Getting Building Fund. Torbay had successful bid applications for this funding opportunity and has been awarded allocations at three locations: Lymington Road Business Centre £2m; Edginswell Business Park £2m and EPIC/SD College Equipment £1m. These allocations require some Council match funding but will enable important regeneration projects in the area.

- 12.3 Dept. for Transport - New Stations Fund 3: Grant allocation of £7.883m for Edginswell Station following a successful bid for funding for delivery of this project.

- 12.4 MHCLG – Disabled Facilities Grants an additional grant payment of £0.253m has been allocated to the Council for 2020/21. It has also been assumed that the Adult Social Care element of the 2021/22 DFG allocation will be at a similar level as 2020/21 and so £0.85m has been assumed at this stage and allocated to the Torre Marine Extra Care Housing scheme. When the actual allocation is confirmed this will be reviewed.

- 12.5 MHCLG – Future High Streets Fund (Paignton) – The Government announced over Christmas that Paignton has been awarded a provisional grant allocation of £13.363m to regenerate Paignton town centre. It is anticipated that individual schemes would start in autumn 2021 so the provisional allocation has been spread over the next three years.

## 13 Capital Receipts

The funding of the Capital Plan relies on the generation of £7.6m capital receipts. The Council had a balance of £0.7m to date. This leaves an outstanding capital receipts requirement of £6.9 m.

## **14 Capital Contributions – S106 & Community Infrastructure Levy**

- 14.1 So far this year approx. £0.2m capital Section106 contributions have been raised. These resources will be used to support projects in accordance with the terms of the relative agreements.
- 14.2 Council has approved a Community Infrastructure Levy (CIL) scheme which will provide funds for infrastructure improvements linked to the proposed developments and for the “neighbourhood proportion”. The main capital project identified for CIL receipts is the South Devon Highway. CIL funds of around £0.3m have been invoiced in 2020/21.

## **15 Borrowing and Prudential Indicators**

- 15.1 The Council has taken no new borrowing during the quarter, using internal cash resources to temporarily fund capital spending as per the approved Treasury Management strategy. As at 31 December 2020 the Council's total borrowing was £391m. The Operational Limit has not been breached being set at £590m in the Treasury Management Strategy. This limit is set based on the expected maximum borrowing the Council would undertake in order to meet its Capital Financing Requirement.
- 15.2 The Treasury Management mid-year review was presented to Council on the 3<sup>rd</sup> December 2020 and contains more information on the Council's current and future borrowing requirements.
- 15.3 In November 2020 HM Treasury published the outcome of a consultation on the future of PWLB borrowing. Under new arrangements PWLB rates have reduced by 100 basis points but no access to the facility will be allowed for any capital plan that includes “debt for yield” projects.

## **16 Appendices:**

- 16.1 Appendix 1 - Capital Plan summary – Quarter 3 2020/21

### CAPITAL PLAN - QUARTER 3 2020/21 - EXPENDITURE

### Appendix 1

		Revised 4-year Plan Jan 2021				
	Latest Est Scheme Cost	Total 2020/21 Revised	2021/22	2022/23	2023/24	Total for Plan Period
<b>PB</b> = Approved Prudential Borrowing schemes	£'000	£'000	£'000	£'000	£'000	£'000
<b>Thriving People and Communities</b>						
Barton Academy - Nursery provision	527	527				527
Brookfield Site / Brunel Academy Phase 1	1,008	0				0
Brunel Academy Ph 2 Vocational Classrooms	1,092	676	50			726
Capital Repairs & Maintenance 2018/19	378	151				151
Capital Repairs & Maintenance 2019/20	269	130				130
Capital Repairs & Maintenance 2020/21	612	362	250			612
Devolved Formula Capital		211				211
Early Years - Ellacombe Academy Nursery	892	0				0
Education Review Projects		53	1,540			1,593
Mayfield Expansion	1,500	150	1,350			1,500
Medical Tuition Service - relocation	601	83				83
New Paignton Primary school sites (St Michaels & Windmill)	1,209	602	600			1,202
Pgn CS Academy Expansion	1,924	43	1,045			1,088
Roselands Primary - additional classroom	599	75	70			145
Secondary School places	2,192	0				0
Sixth Day Provision	250	250	0			250
Special Provision Fund (SEND)	849	278	200			478
St Cuthbert Mayne Expansion	3,600	300	3,300			3,600
Torbay School Relocation (Expansion Burton Acad Hillside site)	1,225	921	25			946
Foster Homes Adaptations	300	0	100	100	100	300
IT replacement - Childrens Case Management System	1,000	768				768
Adult Social Care		0	241			241
<b>PB</b> Crossways, Paignton - Regen and Extra Care Hsg	22,359	4,999	8,625	8,722		22,346
Extra Care Housing (Torre Marine)	3,700	35	2,350			2,385
Disabled Facilities Grants		1,203	369			1,572
Affordable Housing	720	0	719			719
<b>PB</b> Housing Rental Company - Loan	24,067	1,067	10,000	13,000		24,067
Housing Rental Company - Aff Hsg Developments	100	89				89
<b>PB</b> Tor Vista Homes re Preston Down Road	23,000	0	3,000	10,000	10,000	23,000
<b>PB</b> Next Steps Accommodation Programme	2,172	2,172				2,172
	<b>96,145</b>	<b>15,145</b>	<b>33,834</b>	<b>31,822</b>	<b>10,100</b>	<b>90,901</b>

## CAPITAL PLAN - QUARTER 3 2020/21 - EXPENDITURE

## Appendix 1

			Revised 4-year Plan Jan 2021				
		Latest Est Scheme Cost	Total 2020/21 Revised	2021/22	2022/23	2023/24	Total for Plan Period
PB	= Approved Prudential Borrowing schemes	£'000	£'000	£'000	£'000	£'000	£'000
Thriving Economy							
PB	Claylands Redevelopment	10,439	7,250	1,250	84		8,584
	DfT Better Bus Areas	1,147	52				52
PB	Edginswell Business Park	6,620	337	3,300			3,637
	Edginswell Station	8,401	0	4,000	3,883		7,883
PB	Innovation Centre Ph 3 (EPIC)	6,535	115				115
PB	Oxen Cove Landing Jetty	2,483	0				0
PB	South Devon Highway - Council contribution	20,223	800	782			1,582
PB	TEDC Capital Loans/Grant	4,040	0	575			575
	Transport Highways Structural Maintenance		2,790	200			2,990
	Transport Integrated Transport Schemes		796				796
	Transport - Torquay Gateway Road Improvements	2,927	1,049	600	80		1,729
	Transport - Tweenaway Junction	4,905	0				0
	Transport - Western Corridor	12,271	250	250	126		626
	Babbacombe Beach Road	530	510	20			530
PB	Brixham Harbour - Breakwater	3,783	0				0
	Brixham Harbour - CCTV upgrade		7				7
	Brixham Harbour - Infrastructure Repairs	214	122				122
	Brixham Harbour - Water Meters	110	38				38
PB	CCTV equipment	521	3				3
	Clennon Valley Sport Improvements	70	38				38
	Flood Alleviation - Cockington	328	200	46			246
	Flood Alleviation - Monksbridge	412	40	321			361
	Paignton Coastal Defence Scheme	3,142	186	1,585	1,302		3,073
PB	Paignton Harbour Light Redevelopment	800	86				86
	Princess Pier - Structural repair (with Env Agency)	1,665	10	809			819
PB	Public Toilets Modernisation Programme	1,779	729				729
	Recreation Ground Drainage Network	33	33				33
PB	RICC Improvements (re Parkwood)	2,699	250	2,000	418		2,668
	Torbay Community Partnership	50	10				10
PB	Torbay Leisure Centre (Parkwood Loan)	300	150	150			300
PB	Torre Abbey Renovation - Phase 3 (TC contrib)	1,700	0	0	1,700		1,700
	Torre Valley North Enhancements	36	0				0
	Torquay Harbour - South Pier Pontoon Runner Guides	40	5				5
PB	Regeneration Programme and Economic Growth Fund	102,800	0	52,800	50,000		102,800
PB	Regeneration Programme-Retail Opportunity	16,700	759				759
PB	Regeneration Programme-Harbour View Hotel Developmt	14,016	3,990	8,770	254		13,014
PB	Old Toll House (Econ Growth Fund)	1,200	100	998			1,098
PB	TCCT Ocombe Farm Development (EGF)	1,200	0	1,200			1,200
PB	Retail site acquisition (Regen Prog)	1,725	1,725				1,725
	Torquay Towns Fund - Accelerated Funds	750	750				750
	Torquay Towns Fund	21,900	0		10,000	11,900	21,900
	Paignton Future High Streets Fund (Provisional)	13,363	0	1,000	6,000	6,363	13,363
PB	Lymington Rd Business Centre (LEP GBF/EGF)	2,810	110	2,700			2,810
	Edginswell Enabling Works (LEP GBF)	1,960	260	1,700			1,960
	EPIC and SD College (LEP GBF)	1,180	680	500			1,180
		277,807	24,230	85,556	73,847	18,263	201,896
Tackling Climate Change							



**CAPITAL PLAN - QUARTER 3 2020/21 - EXPENDITURE**
**Appendix 1**

		Revised 4-year Plan Jan 2021					
		Latest Est Scheme Cost	Total 2020/21 Revised	2021/22	2022/23	2023/24	Total for Plan Period
<b>PB</b>	<b>= Approved Prudential Borrowing schemes</b>	£'000	£'000	£'000	£'000	£'000	£'000
<b>PB</b>	Council Fleet Vehicles	4,771	1,798				1,798
<b>PB</b>	Solar Farm, Brokenbury (EGF)	2,750	50	2,700			2,750
<b>PB</b>	Solar Farm, Nightingale Park (EGF)	2,200	100	2,100			2,200
		9,721	1,948	4,800	0	0	6,748
<b>A Council fit for the future</b>							
<b>PB</b>	Corporate IT Developments	1,801	86				86
	IT Equipment - TOR2	150	128				128
<b>PB</b>	Essential Capital repair works	871	322	500			822
	Enhancement of Development sites	310	200				200
	General Capital Contingency	689	0	689			689
		3,821	736	1,189	0	0	1,925
<b>Investment Fund</b>							
<b>PB</b>	Investment Fund	231,431	0	0			0
		231,431	0	0	0	0	0
<b>TOTALS</b>			42,059	125,379	105,669	28,363	301,470
<b>CAPITAL PLAN - QUARTER 3 2020/21 - FUNDING</b>							
Unsupported Borrowing			20,738	99,612	75,456	10,000	205,806
Grants			18,540	21,776	25,485	18,263	84,064
Contributions			1,106	674			1,780
Revenue			(72)	100	100	100	228
Reserves			1,130	608	206		1,944
Capital Receipts			617	2,609	4,422		7,648
<b>Total</b>			42,059	125,379	105,669	28,363	301,470