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Date: Thursday, 23 February 2023

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Dear Member

## **CABINET - THURSDAY, 23 FEBRUARY 2023**

I am now able to enclose, for consideration at the Thursday, 23 February 2023 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>	<b>Page</b>
7.	<b>Revenue and Capital Budget 2023/2024</b>	(Pages 2 - 122)
10.	<b>Domestic Abuse and Sexual Violence Strategy</b> Updated Foreword within Appendix 1.	(Pages 123 - 148)

Yours sincerely

Lisa Antrobus  
Clerk

**Meeting:** Cabinet  
Council

**Date:** 23 February 2023  
**Date:** 7 March 2023

**Wards affected:** All

**Report Title:** Revenue Budget 2023/2024

**When does the decision need to be implemented?**

Immediately

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**Director/Divisional Director Contact Details:** Martin Phillips, Director of Finance,

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## 1. Purpose of Report

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- 1.1 The Council has a statutory responsibility to set a budget each year. By setting and approving the net revenue budget for 2023/24 and the budget allocations proposed, the budget will be used to achieve a range of objectives across several plans within the Council. This will meet the ambitions expressed within the Community and Corporate Plan and other related strategies.
- 1.2 In accordance with the Council's Constitution, members will consider the Cabinet's recommended budget proposals at the meeting of the Council being held on 7 March 2023 and are asked to either adopt the Cabinet's proposals or put forward notice of motion to amend the budget (in accordance with Standing Order A13.4).
- 1.3 Within the budget setting process, the Chief Finance Officer must statutorily provide advice as to the robustness of the budget and this report sets out this opinion.

## 2. Reason for Proposal and its benefits

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- 2.1 The Council has a statutory responsibility to set a revenue budget each year.

### 3. Recommendation(s) / Proposed Decision - Partnership's Budget Proposal

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- 3.1 That for 2023/24 net revenue expenditure of **£131.0m** resulting in a Council Tax requirement of **£82.7m** for 2023/24 (a 4.99% increase in Council Tax, of which 2% is for Adult Social Care) be approved.
- 3.2 That the proposed Fees and Charges for 2023/24 be approved.
- 3.3 That, in accordance with the requirement of the Local Government Act 2003, the advice given by the Chief Finance Officer with respect to the robustness of the budget estimates and the adequacy of the Council's reserves (as set out in the report) be noted.
- 3.4 That it be noted that the Brixham Town Council precept for 2023/24 of £394,372 will be included as part of the Torbay Council budget for Council Tax setting purposes.
- 3.5 That the Chief Executive, in consultation with the Director of Children's Services, Chief Finance Officer, Cabinet Member for Children's Services and Cabinet Member for Finance, be authorised to approve the "safety value" agreement in relation to the Higher Needs Block deficit, subject to an offer of an agreement being made by the Department for Education.

### Background Information

- 4.1 The Partnership has published its budget proposals, and these are available to all Members of the Council. All Members have available copies of the supporting information which has been published alongside the proposals:
  - Chief Financial Officer's Report
  - Revenue Budget Digest 2023/24
  - Fees and Charges 2023/24
  - Review of Reserves 2023/24
  - Capital Strategy 2023/24
  - Capital Plan 2023/24
  - Treasury Management Strategy 2023/24

### 5. Robustness of the budget estimates

- 5.1 Key to budget setting is the robustness of the budget proposals, which is linked to both service demands, and the risks associated with those services. Several assumptions have been made in the development of the budget for 2023/24 to mitigate against the risks. Several specific risks and their mitigation are shown below:

Risk	Risk Rating	Mitigation
Economic impact of COVID and cost of living.	Medium	<p>The inclusion in the 2023/24 budget of an allocation for cost-of-living issues on the demand for council services.</p> <p>Use of Torbay Support Fund comprising both council and central government funding to support residents.</p>
Performance of Subsidiary Companies	Medium	<p>Council oversight as owner over its companies including attendance at Board meetings and review of performance.</p> <p>Council approval required for reserve matters and for investment/borrowing proposals.</p>
Inability to deliver a balanced budget over the next three financial years	Medium	Work on future years' financial position is ongoing led by the Chief Executive and Chief Finance Officer.
Identified budget reductions for 2023/24 are not achieved	Low	<p>Monthly monitoring of current year financial position by Senior Leadership Team including a "savings tracker".</p> <p>Contingency budget in 2023/24 revenue budget.</p> <p>Directors, Divisional Directors and all managers have a responsibility to ensure they maintain spend within their approved budget allocation.</p> <p>The Council also has in place a series of regular revenue and capital monitoring reports, which are presented to the Overview and Scrutiny Board and the Council which review the budget on a quarterly basis throughout the financial year, which mitigates against the risk of inadequate financial control.</p>
Overspend against the proposed 2023/24 Children's Services budget	Medium	<p>The Director of Children's Services (DCS) has a sufficiency strategy with several work streams that has been established and is being implemented, supported by a range of monitoring and performance arrangements. The Sufficiency Strategy has been updated.</p> <p>50% of the 2023/24 increase in Social Care grant has been allocated to this service.</p>
Overspend against the proposed 2023/24 Adult Social Care budget	Low	<p>Agreement in place in which Council pays a fixed payment with no exposure to any over or under spends.</p> <p>50% of the increase in Social Care grant has been allocated to this service. In addition there are additional service specific grants from central government; Discharge Fund and Fair Cost of Care and Improvement Grant.</p>

Risk	Risk Rating	Mitigation
Volatility of NNDR Income	Medium	Provision for appeals and non-collection is included in 2023/24 NNDR income estimate.
Insufficient income generated	Medium	Annual cycle for budgeting.  Prudent view taken of income streams in 2023/24 and a contingency held in respect of low rent levels because of Covid-19.
Insufficient investment fund income	Medium	Prudent view taken of income streams in 2023/24 and the Investment Fund reserve maintained.
Collectability of council tax and NNDR	Medium	Council Tax Support and other forms of support via the Torbay Support Fund is available.  Provision for appeals and non-collection of NNDR is included in 2023/24 NNDR income estimate.
Insufficient reserve levels because of a significant budget variance or unforeseen event.	Medium	Review of Reserves report presented to the Council.  £5.7m balance in the General Fund balance  £3m target balance held in CSR Reserve
Exposure to changes in interest rates	Medium	Treasury Management Strategy to be approved by the Council. All historic borrowing currently on fixed rate deals. Interest rate rises could increase the future costs of council borrowing.
Inflationary pressures	High	Budget build has included estimates of inflation where applicable. Inflationary pressures are currently high (January CPI was 10.1%).  Pay award and impact of living wage not nationally finalised for 2023/24. A 4% pay award has been estimated.  Capital Plan has a number of projects where there has been cost inflation and or supply chain issues that will result in project cost increases.
Income linked to major prudential borrowing schemes not achieved at forecast levels.	Medium	Approval by Council supported by a detailed business case.  Income streams reviewed as part of budget monitoring  Mitigation in schemes, such as a “pre let” required.

5.2 In accordance with the requirement of the Local Government Act 2003, the Chief Financial Officer must report to the Council on “the robustness of the estimates made for the purposes of the (budget) calculations” and the “adequacy of the proposed financial reserves”.

5.3 Taking account of the financial risks facing the Council and the mitigations outlined in paragraph 5.1 above, the **Chief Financial Officer’s Statement** is as follows:

**“I have taken into account information, risks and assurances from the Leader of the Council, the Cabinet and Council Directors in forming my opinion. My opinion is that the 2023/24 budget is based on robust budget estimates.**

This opinion is supported by the current financial position for childrens social care, the two year extension to the agreement for adult social care and the level of Council reserves.

The key risks are outlined in the table above. In particular for 2023/24 I would highlight to Members the ongoing uncertainty caused by higher cost inflation on both revenue and capital spend”.

5.4 In relation to reserve levels, the **Chief Finance Officer** statement in the 2023/24 review of reserves report is:

5.5 **“I am satisfied that the Council’s General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council’s Financial Plans for 2023/24 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment.**

5.6 I fully support ensuring that a prudent level for the General Fund reserve at 5% of the Council’s net revenue budget remains an objective.

5.7 The adequacy of the Council’s reserves can be supported if the following actions are undertaken:

- a) That the Council maintains the focus on social care, both adults and children’s, as the biggest financial risks to the Council to deliver the identified improvements supported by a robust financial recovery plan and the sufficiency strategy;
- b) That the Council maintains its focus on the recovery plan for reducing the deficit on the Higher Needs Block and continues the safety value programme with DfE; and
- c) That the Council urgently assesses the financial viability of the projects with its capital plan.

## **6. Key Risks to the Council**

6.1 There are three fundamental risks that the Council needs to continue to address:

### **6.2 Dedicated Schools Block Deficit**

6.3 As previously outlined there is an ongoing overspend on the Higher Needs Block in the Dedicated Schools Grant where funding in the ring-fenced grant does not cover the cost and demand for the service. Within the Higher Needs Block of the Dedicated Schools Grant, it is projected that there will be a cumulative deficit on this Block at the end of

2022/23 of £12m. Under a “statutory override”, that is in place until March 2026, this deficit will be accounted as an “un useable” reserve pending future funding being identified.

- 6.4 There is a fundamental financial risk to the Council and schools associated with the increasing cumulative deficit on the Higher Needs Block that is part of the ring-fenced Dedicated Schools Grant which ultimately will have to be funded. If there is a risk that the Council will have to fund this deficit, then there would be a fundamental financial impact on the Council of the £12m cumulative deficit being required to be funded as well as any future year deficits.
- 6.5 The Council is in ongoing discussion with Department for Education (DfE) as part of the “safety value” programme. Under this programme, if agreed, the Council must submit, and then achieve, a deficit recovery plan. If this plan is achieved, then DfE will provide funding for the accumulated deficit. It is therefore essential that even if a “safety value” isn’t agreed that the recovery plan is implemented successfully, and the projected funding reductions achieved.
- 6.6 The Council is therefore being recommended to authorise the Chief Executive, in consultation with the Director of Children’s Services, Chief Finance Officer, Cabinet Member for Children’s Services and Cabinet Member for Finance, to approve any “safety value” agreement with Department of Education in relation to the Higher Needs Block.

#### **6.7 Integrated Adult Social Care Agreement**

6.8 The Council’s integrated arrangement for adult social care with the NHS has been in place since 2005. There is a funding agreement in place until March 2025 which requires a one-year notice period. Whilst both partners fully support the integrated arrangements and would wish them to continue, if the agreement were to end, the financial impact on the Council would be fundamental as the levels of spend on ASC under the fully integrated system are significantly higher than the funding the Council provides.

6.9 Over several years, the Council should be able to reduce this spend, however if the contract ended the initial financial impact on the Council would be significant as the existing packages of care for residents would need to be continued. As a guide the initial funding gap would be between £10m and £20m.

#### **6.10 Capital Plan**

6.11 A risk that has arisen in the past year linked to the economic conditions and high inflation is the impact on the Council’s capital plan. A combination of higher construction costs, contractor instability and higher borrowing costs make capital projects harder to be financially viable. This may result in the significant redesign of projects or the pausing or stopping of projects. Alternatively, the Council could approve additional funding for a project but at an ongoing revenue cost for the principal and interest costs. As a result, if schemes change or are stopped, expenditure incurred as capital may not now have an asset to which

these costs are attributable. They would therefore become abortive costs which would need to be charged to the revenue budget.

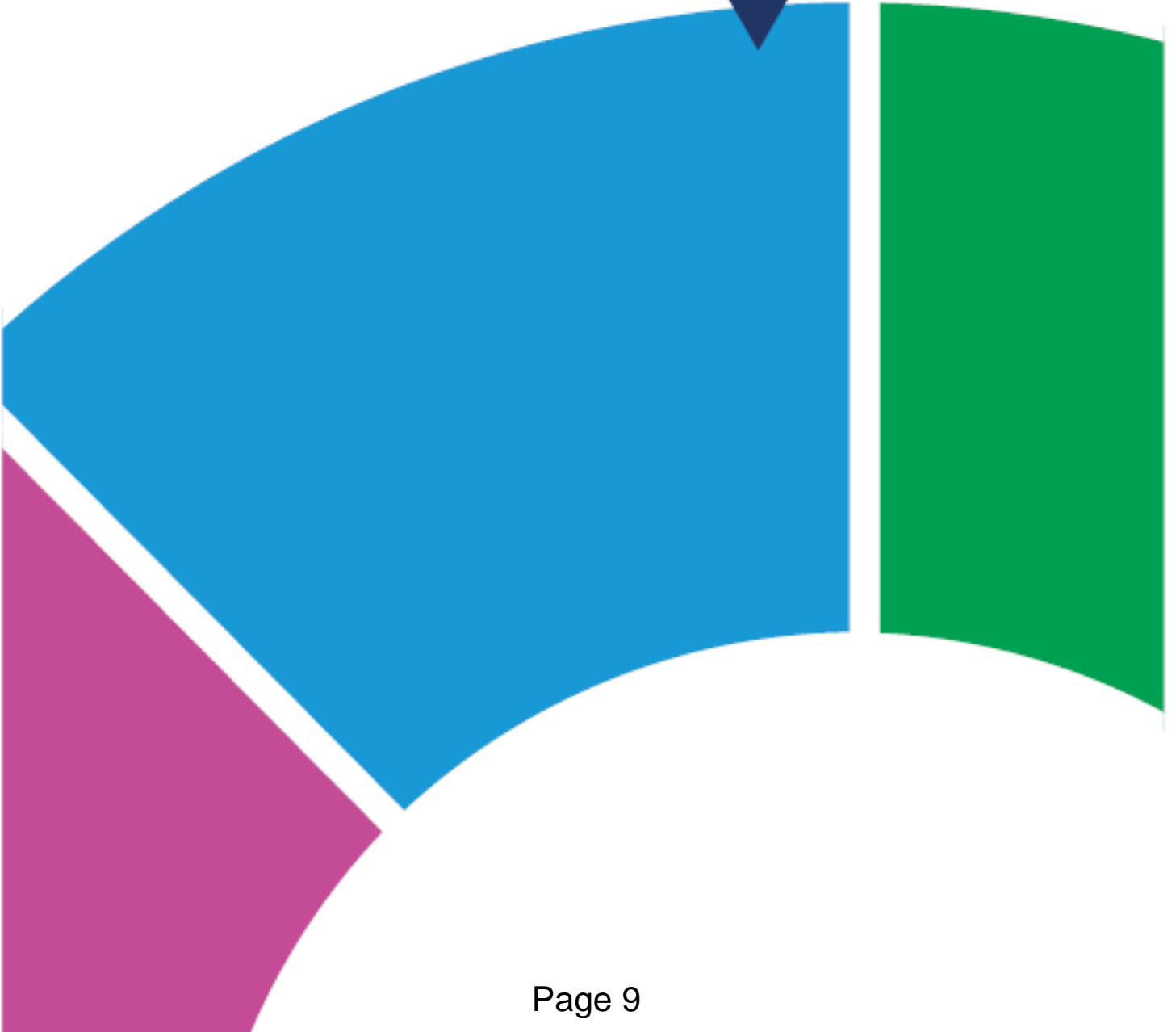
- 6.12 Linked to the issues on the viability of capital projects, if a scheme is unable to continue this may require the repayment of grants to the funding bodies with the costs incurred to date being abortive and a council cost. The Council's capital plan does rely on significant levels of central government funding such as Town Deal, Future High Streets Fund and Land Release Fund. Most grants have conditions on the purpose for the spend and the timing of that spend.



# Chief Finance Officer's Report

23 February 2023

## Budget 2023-2024



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## Introduction

1. This report by the Council's Chief Finance Officer provides further information to support the Partnership's budget for 2023/24.
2. This report aims to provide further information and an overview of several key factors, including several "technical" finance issues that have influenced the 2023/24 budget as well as raising issues for future financial years.

## Budget Overview

3. These budget proposals are presented in the light of financial uncertainty from the current economic conditions including inflation (January 2023 10.1%) which is significantly impacting on the cost of council services and will continue to impact on our residents with the consequential effect on the demand for council services and council income levels.
4. The impact on the Council's income, expenditure and funding is outlined in the Medium-Term Resource Plan and the 2023/24 budget proposals. Clearly the financial impact on 2023/24 and future years can only be an estimate and officers will continue to update estimates and will continue to aim to mitigate as far as possible any financial impacts.
5. The current inflationary pressures on services and providers are the highest they have been for many years. There has been high utility and fuel inflation, higher levels of CPI inflation (10.1% in January 2023), a pay award with an average impact of 6% on the 22/23 pay costs and increases in the Living Wage. The latest Bank of England forecast is for inflation rates to reduce from current levels but will average over 5% in 24/25 before returning to 2%. The cost of inflation for 23/24 and the re setting of budgets for the higher than budgeted inflation from 2022/23 is £8m.
6. 2019/20 was the final year of the last multi-year funding settlement. As context, Torbay's Revenue Support Grant was reduced from £42m in 2013/14 to £6m in 2019/20. Since then, the council has had four years of one year funding announcements which makes longer term financial planning problematic.
7. The Final 2023/24 Local Government Finance Settlement was announced on the 6 February 2023 and was like the previous three years, i.e., a one year only "roll over" settlement, with the Revenue Support Grant inflated, additional grant allocations for social care and a repeat of the 2022/23 one off "Services grant" allocation but at a significantly reduced level.
8. The Final Local Government Finance Settlement for Torbay was almost identical to the draft settlement issued in December 2022. The only new announcement was the release by the Department of Levelling Up, Housing and Communities of an NNDR levy contingency they had held relation to 2022/23. Torbay's share of this 2022/23 allocation was £0.3m.

9. Although the Department for Levelling Up, Housing and Communities (DLUHC) provided a Policy Statement in December 2022 with some comments in relation to 2024/25 (i.e., another rollover year), there is considerable funding uncertainty from 2025/26 onwards. In addition, DLUHC have further delayed the introduction of a new funding formula and a revised National Non-Domestic Rates (NNDR) system to “the next parliament”.
10. In the Autumn Statement 2022 central government announced the delay to the adult social care reforms (fair cost of care and income thresholds for cost of care) from October 2023 to October 2025. This delay in the reforms (and their cost) allowed both DLUHC and the Department for Health and Social Care (DHSC) to allocate more funds than expected for social care in 2023/24.
11. The Council’s financial planning for 2023/24 started in March 2022 and as for 2022/23, the Partnership’s provisional budget proposals were released after the Provisional 2023/24 Local Government Finance Settlement given the extent of the uncertainty in what it would contain. The Partnerships proposals were published on 10 January 2023, enabling a period for consultation and scrutiny of the proposals.
12. It is proposed by the Partnership that the Council increases its Council Tax requirement by 2.99%.
13. In addition, it is proposed to increase Council tax specifically for Adult Social Care by a further 2% in 2023/24.
14. Members of the Overview and Scrutiny Board (through the Priorities and Resources Review Panel) have examined the proposals in detail and stakeholders and residents will have the opportunity to make representations on the proposals through the consultation. The Partnership have reviewed the responses received and the final budget proposals have been drawn up after consideration of the responses.
15. The net budget has increased by £0.4m since the draft budget in January to reflect several changes the Partnership now proposing following the consultation process. These are outlined in the Budget Overview document and have been primarily funded from the final estimate of NNDR income for 2023/24. There have also been a number of “housekeeping” adjustment of budgets between services.
16. This report supports the Revenue Budget 2023/24. Other budget related reports will be presented to Council in March 2023 which are relevant to the Council’s overall financial position, namely:
  - a. 2023/24 Capital Strategy and Capital Receipts Strategy,
  - b. 2023/24 Treasury Management Strategy, including Investment Policy and Minimum Revenue Provision Policy,
  - c. 2023/24 Review of Reserves,

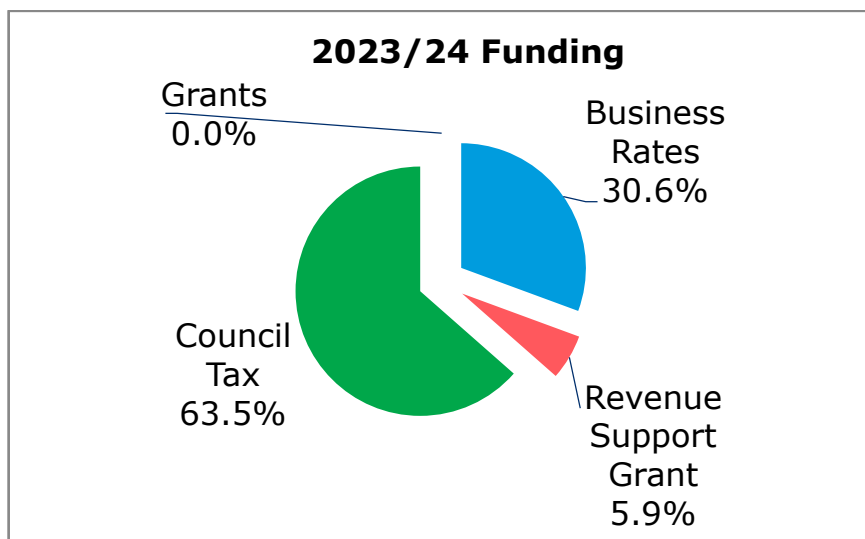
17. Also relevant are:

- d. Medium Term Resource Plan (on website),
- e. Corporate Asset Management Plan,
- f. 2022/23 Revenue and Capital Budget Monitoring Reports.

18. Budget Digest pages, Fees and Charges and budget proposals sheets are available separately along with any relevant equalities impact assessments.

19. A summary of the Council’s 2023/24 budget is as follows:

<b>Partnership’s Budget Proposal 2023/24</b>	<b>£’000</b>	<b>£’000</b>
Net Revenue Expenditure	131.0	
<b>Total Net Revenue Expenditure</b>		<b>131.0</b>
<b>Funded By:</b>		
Business Rate Retention Scheme	10.1	
Revenue Support Grant	7.7	
New Homes Bonus Grant and other grants	0	<b>47.8</b>
Council Tax Requirement	82.7	
Collection Fund Surplus/(Deficit)	0.5	<b>83.2</b>
<b>Total Income</b>		<b>131.0</b>



20. A summary of the proposed 2023/24 budget by Service area is shown in the table below.

22/23 £m	Directorate/Service	Expenditure £m	Income £m	Net £m
43.8	Adult Services	70.4	(21.6)	48.8
2.3	Community and Customer Services	45.1	(41.9)	3.2
-	<i>Housing benefit included in Customer Services</i>	36.1	(36.1)	0
46.1	Sub Total – Adult Services	115.5	(63.5)	52.0
45.8	Children’s Services	118.2	(67.7)	50.5
-	<i>Dedicated Schools Grant included in Children’s Services. 2023/24</i>	50.8	(50.8)	0
9.8	Public Health	10.7	(0.3)	10.4
6.5	Corporate Services	9.1	(1.1)	8.0
3.4	Chief Executive’s Unit	5.2	(1.2)	4.0
9.9	Sub Total – Corporate Services	14.3	(2.3)	12.0
(7.7)	Finance	33.5	(46.0)	(12.5)
(4.6)	Investment Properties	10.0	(14.1)	(4.1)
21.1	Place Services	47.6	(24.9)	22.7
120.4	<b>TOTAL</b>	349.8	(218.8)	131.0
	<b>Sources of Funding</b>			
78.1	Council Tax			82.7
0.1	Collection Fund Surplus/(Deficit)			0.5
6.8	Revenue Support Grant (RSG)			7.7
35.2	Business Rates (NNDR)			40.1
0.2	Other Grants			0
120.4	<b>TOTAL</b>			131.0

## Cost of Living and COVID-19

21. The financial impact of Covid-19 has reduced during the 2022/23 financial year and will continue to change but has been in effect superseded by the cost of living and inflationary issues for our residents.

22. There is no ongoing central government support for COVID, however central government are continuing to provide funding for support schemes such as in 2023/24 there will be an extension to the Household Support Scheme and a new, one off, Council Tax Support Fund for which Torbay's allocation is £0.3m.
23. DLUHC has allowed any Collection Fund deficit in 2020/21 to be spread over three financial years from 2021/22. The Council allocated funds to cover this cost as part of its 2020/21 outturn so this cost in 2023/24 is funded.
24. In 2020/21 with high levels of cases and lockdowns the Council experienced a cash reduction of 2% in collection of Council Tax compared to pre COVID levels. This has improved since however current collection rates are still below pre COVID levels. The ongoing negative impact on the collectability of Council Tax in 2023/24 due to the economic conditions has been estimated at 1% i.e., £0.7m.
25. The level of homelessness and the need for temporary accommodation was particularly impacted by COVID and now is being impacted by the pressures on the cost of living. Current levels of demand and costs are still double compared to pre COVID. The draft budget includes £0.5m to support investment in the council's housing functions and staffing.
26. The Council has allocated £0.5m in 2023/24 to meet the cost impact on its services from the pressures on the cost-of-living.
27. The Council will also allocate £0.5m from its reserves on a one-off basis to provide a council tax bill reduction to working age council tax support scheme claimants. This allocation combined with the new national council tax support scheme should see reductions of up to £100 on the council tax bills for working age Council Tax Support claimants.
28. The Council has also allocated funding to provide packages of support including a new exceptional circumstances fund, financial support for the mental health helpline and a thank you payment to fostering families.

## Capital Plan 2023/24

29. As required by the Council's Constitution the draft Capital Plan for 2023/24 has been published which is line with the latest budget monitoring report (quarter 3 2022/23). As the Council has a rolling four-year Capital Plan that is reported quarterly, the Capital Plan for 2023/4 is a "subset" of the four-year plan based on the latest monitoring information.
30. The level of cost inflation on construction contracts is significant - on some projects there has been a 100% increase in costs. This pressure combined with a significant increase in the costs of future borrowing will inevitably require the original business case of all capital projects to be reassessed to ensure financial viability.

31. In the 2022/23 budget the council established a capital contingency fund that was subsequently increased to £12m to enable four capital projects to proceed. The additional ongoing revenue costs is estimated at £0.6m which has been included in the 2023/24 base budget.

## Spending Round 2021 and Local Government Finance Settlement 2023/24

33. The Chancellor announced a three-year Spending Review in October 2021. This announced the total allocations for government departments. For local government the allocation of total to councils is determined in the Local Government Finance Settlement (LGFS).
34. In the Spending Review the total for local government increased by £1.6 billion for 2022/23. For 2023/24 the Review stated that this would be at the same “cash” level as 2022/23. The absence of any additional funding in the Spending Review for 2023/24 was a significant concern as this does not provide funding for any demand or cost growth in services.
35. The Chancellor in his Autumn Statement in 2022 committed to stay within these spending totals established in the Spending Review. The LGFS did increase council tax flexibilities and provided for an inflationary increase in NNDR and Revenue Support grant income. More detail on social care is in the relevant sections in this report.
36. The 2023/24 settlement is fundamentally a one year “roll over” from 2022/23. The Council’s core funding of Council tax will increase by 2.99% and other core funding is a range of nil (e.g. no inflation on IBCF) to 10.1% for inflation (e.g. on the RSG). Other service grants in 2022/23 were also rolled over into 2023/24. The 2023/24 Public Health grant allocations have not yet been announced.
37. The referendum limit for council tax rises was set at 3%. In addition, the flexibility for Councils to raise council tax by a further 2% specifically for adult social care was confirmed for 2023/24 and 2024/25. These council tax increases are “assumed” as part of the increase in councils’ “core spending power” often quoted by DLUHC.
38. As part of this settlement several grants were “rolled into” others such as into the Revenue Support grant and Social Care Grant. The Lower Tier Services grant was re distributed to favour district councils which means the council’s allocation of this grant is now nil.
39. The Social Care grant was retained and is now increased by £5.4m (including the value of a rolled in grant). This additional funding will be used to support provider and other demand and inflationary costs in Children’s Services and Adult Social Care.
40. In 2022/23 a new “one off” Services Grant of £2.2m was announced. This grant has been announced for a second year but is now at a significantly lower level of £1.3m.



It is predicted that for 2024/25 this grant will be reduced further by DLUHC, in order to fund other grant allocations.

## Inflationary Pressures

41. The single biggest cost pressure in the proposed 2023/23 budget is the impact of inflation on the council's costs. The inflation levels are currently significantly above the forecasts prevailing when the 2022/23 budget was set. Therefore the 2023/24 budget must provide for the ongoing shortfall on the actual 2022/23 inflation compared to budget and for 2023/24, where the Bank of England forecasts are for a CPI inflation rate of 5% at the end of 2023 before returning to the 2% target level.
42. The estimated cost of this is £8m which includes the pay award detailed below. This however this is still an area of uncertainty as the future costs of, say, utilities are still volatile, and pay is a significant national issue with a further increase in the living wage proposed for 2023/24.
43. The higher Bank of England rates and economic conditions has also increased interest rates on both borrowing and investments. For the Council all of its historic borrowing is on fixed rates over a flat maturity profile so there are not any pressures on existing debt. However, the cost of new borrowing will be higher which will impact on the business case viability for capital projects. Conversely the council is now earning higher investment returns on its cash balances which has been included in the 2023/24 budget.

## Dedicated Schools Grant

44. As part of the Spending Round additional funding was announced for the Dedicated Schools Grant – for both Schools and High Needs. Torbay's 2023/24 allocation of these additional funds was provisionally allocated in December 2022 with an overall increase in cash terms of £3.169m (3.45%) in the Schools Block and £2.247m (9.21%) in High Needs Block. Within the average overall increase, the amount individual schools will receive will vary depending on the impact of the changes in the formula and pupil numbers to their allocations. Although the additional funding for Torbay is clearly welcome, a deficit budget will still be required for 2023/24 as demand within High Needs continues. The expectation is that there will be additional funding in 2024/25 which should continue to enable the budget to move closer to a balanced position.
45. The Council will, as usual, direct the entire grant received in respect of Dedicated Schools Funding through to those areas defined in the School Finance Regulations. The value of the Dedicated Schools Grant (DSG) before academy school recoupment is £133m. For 2023/24 it is estimated that approximately £50.8m will be retained in the Council's budget for expenditure related to its (maintained) schools and other residual functions including education for High Needs.

46. The DSG and the schools funding formula is moving towards a full introduction of a new national school funding formula. The Education, Skills and Funding Agency (ESFA) expect this to be implemented by the 2027/28 financial year but are hoping to be able to implement sooner if possible. Movement of funding between the separate blocks of the DSG is now limited and is expected to cease altogether for the schools' block with the introduction of the national school funding formula.
47. The key financial pressure within the DSG is in the High Needs block. The pressures on the High Needs Block arise from the level of demand and referrals from schools and other agencies for support to pupils with additional needs. In previous years, in recognition of this pressure, Schools Forum has historically agreed to move 0.5% out of the Schools Block to help fund the increased demand within the High Needs Block. Schools Forum has not agreed to this virement for 2022/23 or 2023/24. The overspend on the DSG in 2022/23 is estimated to be £2.7m, resulting in a cumulative forecast deficit of £11.7m.
48. This rising deficit is a key issue for the school community and the Council. The level of the deficit as at end of March 2023 is forecast to be more than the Council's general fund reserve by more than £6m.
49. Until the High Needs Block achieves financial balance in the longer term, the DSG reserve will be used to fund the cumulative deficit as a "negative reserve". Under legislation, now extended until the end of 2025/26, this reserve can be re-classified on the Council's balance sheet as a usable reserve. However, holding a negative reserve or even reclassifying it is not a sustainable solution.
50. The Council is now part of the Safety Valve programme with the Department for Education (DFE). In this arrangement if the council and its partners can produce and achieve a deficit recovery plan that leads to a balanced higher needs block within a determined period (anticipated to be 3 years), DFE will consider funding all or some of the deficit. This process is still under negotiation with an agreement hoped for by end of March 2023.
51. To support the improvements required in the deficit recovery plan the Council will allocate £0.3 in its base budget to provide funding to achieve the actions outlined in the recovery plan.

## Adult Social Care

52. The Council's budget proposals for 2023/24 includes the contract sum (£55.4m) agreed with the Integrated Care Organisation (ICO) and the Integrated Care Board (ICB) to continue the highly regarded system of integrated health and adult social care within Torbay. 2023/24 is the first year of a two-year extension to the existing three-year arrangement. This extension to £55.4m from the base contract fee of £47m is funded within the 2023/24 budget.
53. Any funds raised by the 2023/24 Council tax precept of 2% (approx. £1.5m) will be used for adult social care.

54. The Government intended to introduce major changes to Adult Social care – Fair Cost of Care for providers and an income threshold for clients paying for the costs of care. These reforms were supposed to be from October 2023 but have now been delayed to October 2025 at the earliest.
55. Central Government has decided to reallocate a significant amount of funding that would have been used to fund these reforms to Councils in 2023/24 and 2024/25 to help meet current cost and demand pressures in social care. The funding of the reforms if introduced in October 2025 will be an issue for the next Spending Review.
56. As a consequence, there are two grants specific for adult social care for 2023/24.
  - a. An allocation of £1.9m for Fair Cost of Care and Improvement Grant. This will be ring fenced to adult social care with conditions, which are yet to be announced.
  - b. An allocation of £1.2m for a Discharge Fund. This will be ring fenced to adult social care with conditions, which are yet to be announced (due mid-January). The ICB will also receive a similar amount as the national allocation was split 50/50 between health and local government.
57. The Social care grant increase which is for adults and childrens social care has been increased (after a grant adjustment) to £5m for 23/24. These have been allocated 50/50 between the two services to meet cost and inflationary pressures.

## Children's Services

58. As a result of the significant improvements in this service – now rated Good by Ofsted - along with additional investment the service is far more financially stable than in previous years.
59. However, the service is vulnerable to changes in demand for services in particular residential care where a relatively small change in numbers could have a significant financial impact.
60. Budget monitoring in 2022/23 is predicting an overspend for that service in the region of £2m. Therefore £2.5m of the social care grant increase has been allocated to this service for service demand in addition to inflationary increases in pay and provider costs.
61. Within the 2023/24 budget there is an allocation of £200k to fund the costs of the schools PFI contract compared to the funding available.

## SWISCo

62. The budget proposals include an inflationary increase in the SWISCo budget to provide for both 2022/23 and 2023/24 inflation pressures. Apart from a saving proposal in relation to the efficiency of the service in relation to staffing and the recent IT and equipment investment there are no changes proposed to service levels.

## Estimation of Council Tax Surplus/Deficit

63. The Council makes an estimate of the surplus or deficit on the Collection Fund at year end from under or overachieving the estimated council tax collection rate.
64. COVID-19 has had a significant ongoing impact on the collection of council tax. The 2022/23 position is like 2021/22 but lower than pre COVID levels. Consequently, the Council will recognise a net surplus in 2023/24 of £1.0m.
65. As the Council sets a collection rate within its tax base equivalent to the amount collected in the 12 months of the financial year, any surplus primarily represents the collection of sums due in respect of previous years. This indicates a level of success in collecting old year debts and raises the overall, longer term, collection rate well above the “in year” rate. The Council has assumed a 96% in year collection rate however a value equivalent to 1% will continue to be held in contingency for potential losses in 2023/24.
66. The ongoing economic impact on Torbay residents linked to “cost of living” pressures including fuel and utility costs could result in more Torbay residents facing financial hardship which the Council will continue to be mindful of.
67. As a local precepting authority, as defined in the Local Government Finance Act 2012, Brixham Town Council will not be required to fund any deficit, nor will they be entitled to a share of any surplus on the collection fund.

## National Non-Domestic Rates

68. The Council’s NNDR income in 2022/23 comprises three parts: a 49% share of NNDR income, a “s31” grant to reflect the loss of NNDR income to the council from central government changes to the NNDR (e.g., Small Business Rate Relief) and a Top Up grant that reflects the difference in the Council’s assessed “need” for funding compared to its actual ability to raise NNDR income (as set in 2013).
69. Since the introduction of the Business Rates Retention Scheme in April 2013, the Council is also required to declare a surplus or deficit for NNDR in a similar way as set out above for council tax. The forecasting of NNDR has involved a wide range of complex variables and influences such as from reliefs and is an area which causes complications for medium term financial planning.
70. The Council had a NNDR funding baseline established in 2013. Each year as part of the funding settlement DLUHC assumes a level of growth in business rates for councils which may be more or less than the actual NNDR income for a council.
71. For 2023 there has been a national Revaluation (of rateable values) which resulted in a 3.4% overall increase in Torbay’s rateable values compared to 2017. Within that increase (on average) retail sector values reduced by 1% while the industry sector values increased by 28%.

72. DLUHC have announced a NNDR multiplier freeze for 2023/24 and a range of ongoing reliefs. Councils will be compensated for lost income from this freeze by means of a 6.4% increase on its NNDR “top up” allocation and on its notional baseline NNDR income, and an assumed 3.7% increase on its NNDR income linked to the national change after the 2023 Revaluation. This equates, in theory, to the 10.1% increase in September CPI which is the baseline for multiplier increases.
73. The Council along with other Devon Councils will continue with a NNDR pool for 2023/24 with an estimated gain to Torbay of £1.0m. The future of pools and the resulting financial gains are not certain under any new NNDR system when introduced.
74. Due to the significant uncertainty around the impact of the current economic conditions of business’ ability to trade and therefore pay NNDR, the council will continue to budget for a contingency for non-collection.

## Council Tax and Referendum Limits

75. To control the level by which local authorities can increase Council Tax, the Government has set limits at which point a referendum would be required. This was increased to 3% or over for 2023/24. The Partnership’s budget proposal is for a 2.99% increase in this element. In addition, DLUHC have offered upper tier Councils the flexibility to increase council tax by a further 2% for Adult Social care and the budget proposals include an additional 2% for this specific purpose.
76. The Council Tax bill sent out to residents is made up of three main component parts, namely Torbay Council (including Brixham Town Council), Devon and Cornwall Police Authority and Devon and Somerset Fire and Rescue Authority. Once these have been declared they will be included in the Council Tax setting report which will be presented to the Council in March 2023.
77. The Secretary of State will consider the three component parts, not the overall bill, and, if any one of the three organisations were capped, Council would have to re-bill.
78. In 2022/23, Torbay had the second lowest Band D Council Tax in Devon at £2,028.41 including the Fire and Police precepts but excluding parish and town council precepts. A summary of some other Devon Councils’ Band D rates for 22/23 are as follows:

	Torbay (Unitary council)	Plymouth (Unitary council)	Exeter (City Council)	South Hams (District Council)	Teign- bridge (District Council)
District Council	-	-	170.05	180.42	185.17
Devon County	-	-	1,556.46	1,556.46	1,556.46
Total	1,690.06	1,669.88	1,726.51	1,736.88	1,741.63
Fire & Police	338.35	338.35	338.35	338.35	338.35
Band D (excluding parish precepts)	2,028.41	2,008.23	2,064.86	2,075.23	2,079.98
		(1.0%)	+1.8%	+ 2.3%	+ 2.5%

Table last updated 23/12/2022

79. The differential between Torbay and the other Councils increases when Town and parish precepts are added. As a guide the 2021/22 precept for Brixham Town Council was £61.37.

## Pay and Pensions

80. The 2022/23 pay award for staff (fixed increase of £1,925) has been agreed. The 2023/24 budget assumes a 4% pay award for 2023/24 while a contingency will be held for any impact of the living wage.
81. From April 2022 there was a 1.25% increase in the Council's employer national insurance contributions which has been provided for. This was subsequently reversed from November 2022 and DLUHC have reduced the councils 2023/24 funding to remove the gain from this tax reversal.
82. In 2022 there was the triennial valuation of the Devon County Pension Fund to ensure that employer contribution rates are set for the following three financial years to meet the long-term employee pension benefits requirements. This from 2023/24, for three years, resulted in an increase in Torbay's "primary" rate to 18.4% (from 16.7%), this increase has however been offset by a reduction in the Council's "secondary" rate (i.e., deficit) lump sum payment to nil.
83. In addition to the cost of living increases the council is finding it increasingly hard to attract and retain suitably experienced staff due in part to increase competition for these staff. As a result, the council is increasingly needing to pay market supplements to both recruit and retain staff. £0.5m for these additional costs has been included in the 2023/24 budget.

## Reserve Levels

84. The Council's general fund reserve of £5.7m as at the end of 2022/23. The Partnership have been supportive by increasing this balance in 2020/21 to a level that was close to 5% of the Councils net budget. Based on a budget of £131.0m for 2023/24 the target reserve level would be £6.6m.
85. Achieving a general fund level of 5% is prudent for the Council, as recognised nationally, including by CIPFA. As a guide in 2004/05 the level was 2%, in 2010/11 level was 3% and in 2019/20 the level was 4%.
86. The 2023/24 budget proposals do not include any use of any earmarked reserves to fund "base budget" costs to achieve a balance.
87. The Council continues to have the option, to give reserve levels a "boost", to swop revenue and reserve funded capital expenditure for prudential borrowing up to £3m which will need to be funded from future revenue budgets. At this stage this option is not being proposed.

## CIPFA Financial Resilience Index

88. To provide more information and transparency on Councils' financial position, CIPFA issued a "Financial Resilience Index" to provide information.
89. The Index shows the assessment (based on 2021/22 data) of Torbay's position is that the "Indicators of Financial Stress" rank Torbay as a "higher risk" Council but not at the highest level. Factors that show a higher risk assessment are in relation to children's' social care where the Council's percentage of its budget expended on this service is high, despite the service improvements that have been achieved. Other factors showing a higher level of risk are the overall level of interest payable and total debt compared to budget which is directly linked to the council's historic investment in commercial property and its regeneration projects. Other indicators show a low or medium risk.

## Longer Term Future Council Funding

90. The Medium-Term Resource Plan was updated at the end of April 2022 to include the impact of COVID-19 and the delays in the implementation of the new funding formula and revised NNDR retention system. The three-year 2021 Spending Review announced in October 2021 was followed up by one-year Local Government Financial Settlements for both 2022/23 and 2023/24 which does not help with longer term financial certainty over future funding.
91. In a DLUHC Policy Statement issued in December 2022, some funding principles for 2024/25 have been set out, which implies that 2024/25 will be another roll over year with some inflation allocated. There will also be higher social care and adult social care grant allocations in 2024/25 compared to 2023/24.
92. DLUHC are expecting that the introduction of the Extended Producer Responsibility legislation from 2024/25 will result in a significant new income stream for councils, however as yet the detail of this is not known.
93. DLUHC's aim of implementing a new funding formula and a revised business rates retention system (both last updated in 2013) has been delayed and are now stated to occur "in the new parliament."
94. As an initial guide, based on the April 2022 position and prior to more detailed work being undertaken post 2023/24 budget setting to update for the impact of the local government finance settlement and inflation, it is estimated that for 2024/25 and 2025/26 the Council will require in the region of over £12m of efficiencies, income, or reductions, to achieve a balanced budget. The significant financial risks are linked to the Council's three-year agreement with the ICO for adult social care will need to be renegotiated for 2025/26 and the future costs and funding of the ASC reforms now due October 2025.

# Cabinet's Response to Consultation

February 2023

## Budget 2023-2024



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# Statement from the Leader and Deputy Leader of the Council

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In accordance with the Council's Constitution, the Cabinet is proposing a balanced Revenue Budget of £131 million for 2023/2024 and a 2023/2024 Capital Plan of £90 million for the Council's consideration.

As we said when we launched the consultation, at the front of our minds in proposing this budget is the need for the Council to serve its communities and to make Torbay a good place to live, learn, work and enjoy life. We want to deliver cost-effective services which will help Torbay and its residents to thrive.

We'd like to thank all of those who provided feedback to the draft proposals either through completing our questionnaire, participating in our Ask Us Facebook Live session or by responding and commenting to our social media posts. We'd also like to thank the Overview and Scrutiny Board for its time in reviewing our proposals.

It was pleasing to see that the community supported the majority of the proposals put forward, but we have considered all the responses and suggestions and have made some changes to our proposals in response to these.

Our budget proposals are more wide-ranging than the sixteen proposals for efficiencies, income generation and service change. Our revenue budget of £131 million and our capital plan of £90 million for next year will all be used to deliver our ambition of a thriving Torbay.

The financial management of the organisation over recent years has meant that this budget contains no reductions in services. Our investment into Children's Services is paying dividends with recognition that we are now achieving good outcomes for our children and young people. Our improvement journey continues, with a concentrated focus on services for children and young people with special educational needs and/or disabilities. The creation of Family Hubs in each of our towns will make it easier for families to access the services they need.

In adult social care, we have a long and proud history of integration which continues with the Torbay and South Devon NHS Foundation Trust delivering the service on our behalf. The extension to the contract provides the Council with a fixed cost for these integrated arrangements for a further two years.

With our partners we continue to be at the forefront of innovation, focusing on a co-designed asset-based approach. A radically re-designed front door is being delivered by the Community and Voluntary Sector through the Community Helpline. This is reducing the number of people who need statutory services, whilst improving services for those who do need them.

Our proposals include the appointment of an Inclusion Officer. They will have a role which takes in the full breadth of inclusion, not just the issues identified in the Torbay Racism Review. They

will work to ensure that we embed what has been started on turning the tide on poverty in Torbay, making sure that all parts of the community have access to the opportunities and advantages that are available.

We will continue to promote wellbeing and good mental health. To this end, sport and physical activity is vital. Our initial proposals included an additional £25,000 for Torbay on the Move. This brings the funding for this initiative to £75,000. We are concerned that the Government has failed to acknowledge that swimming pools and leisure centres should be deemed as eligible for extra support from the Energy and Trade Intensive Industries scheme. Therefore we are proposing that the Council step in to give £12,000 per year to both Swim Torquay and Admiral Swimming Pool. We recognise that this is short term support and will be working with them towards a sustainable future.

We are making positive strides in addressing the housing crisis within Torbay. The draft budget includes funding for both housing and temporary accommodation. We are now proposing that a £3 million borrowing facility is included within our capital plan for next year. We know that there are organisations such as YES Brixham and Growing Homes Torbay who are working to create affordable community housing and it is hoped that this loan facility will enable them to progress their plans.

We are committed to improving our economy and one of our ambitions is to be the UK's premier tourist resort. We recognise that, in the current economic climate, the increased sponsorship target we had proposed for the Air Show may not be met. We are recommending that this proposal is removed from the budget and that further funding be identified to support the 2023 English Riviera Air Show.

Funding has been allocated towards implementing our Economic Strategy, in particular supporting the improvement in skills in the local area. We are also recommending that the proposal for TDA to fund the borrowing costs of some regeneration schemes is not taken forward. This will enable TDA to appropriately fund its work on economic development.

We welcomed the views put forward by the community on how the £100,000 identified for initiatives to keep the Bay clean, tidy and attractive should be spent. We will be working with partners over the coming weeks to prepare for the coming summer season and will take these views into account.

We are also proposing that a further £100,000 is allocated to introduce of a new role within the Council to act as a force of positive change in our town centres. We will consider how this type of role operates in other areas and, working alongside stakeholders, bring about our ambition of vibrant town centres across the Bay. This work will run alongside what we are already doing with the Police and Office of the Police and Crime Commissioner as a multi-agency response to the substance misuse and anti-social behaviour challenges in Castle Circus and town centre areas of Torquay.

Our capital plan includes several schemes which will help meet this ambition and these projects will start to take shape in the coming financial year. We share the frustration of the community

that some of these schemes have been slow to get off the ground. However, like councils across the country, the increases in inflation have had a knock-on effect on construction costs and we have had to ensure that each scheme was affordable before being started. As part of the announcements on local government funding, a contingency held for National Non-Domestic Rates has been released with the Council receiving £274,000. It is proposed that this is held in a Capital Projects Contingency Fund to mitigate the ongoing national risks of increased capital costs.

The Council's Carbon Neutral Action Plan continues to be delivered with the projects that are being put in place, funded by the investment which was identified in the current year's budget. These projects will not only help us to tackle climate change but they will create savings for our future budgets.

The improvements that we are making to our planning service will be supplemented by additional funding of £50,000 so that we can place more focus on enforcement and heritage issues.

Our aim of creating a Council fit for the future has openness and transparency at its heart. We will continue to provide our One Torbay updates in community magazines across Torbay, widening the audience as far as we can. Our Cabinet, Council and Planning Committee meetings will be live streamed and promoted more widely.

We recognise that by raising Council Tax by 4.99% this year this may add additional pressure on some household budgets. We are therefore, in addition to the 2023/24 government funded council tax support scheme of £25, allocating a reduction of up to £75 for each working age household in receipt of Council Tax Support. At the same time, we are consulting on changes to the level of Council Tax Support – reducing the amount that working age households will need to pay from 1 April 2024.

As we said when we published our budget proposals, it is disappointing that the Government has failed to address the national funding pressures which are facing adult social care. Council tax is also now the main source of funding our place-based services. The Government, in setting our spending levels, assumes that we will increase council tax by the full amount allowed.

We hope that the Council will approve this budget so that we can continue to deliver our ambition of a thriving Torbay, turning the tide on poverty and build a stronger, safer, fairer Torbay.



Councillor Steve Darling  
Leader of Torbay



Councillor Darren Cowell  
Council Deputy Leader and Cabinet  
Member for Finance

# Introduction

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This document and the papers which support it set out the Cabinet's final proposals for the Revenue and Capital Budgets for 2023/2024.

The Cabinet published its draft budget proposals in January 2023 for consultation. During the consultation period, feedback was gathered through an online questionnaire and discussion forum as well as from Torbay Council's social media channels (including responses to the Ask Us Facebook Live panel held in January 2023).

The feedback has included the views of the Council's Overview and Scrutiny Board which were set out in its report to the Cabinet and is available at [www.torbay.gov.uk/scrutiny](http://www.torbay.gov.uk/scrutiny)

The results of the consultation have been published and the budget proposals issued in January 2023 have been updated and republished. All these documents are available at [www.torbay.gov.uk/budget-202324](http://www.torbay.gov.uk/budget-202324)

This report reflects the feedback received and outlines the changes that have been made to the Cabinet's proposals as a result. It also reflects the further Government announcements on local authority spending which have been received since the draft budget proposals were published.

Alongside this document several others will be published and will be available on the Council's website ([www.torbay.gov.uk/budget-202324](http://www.torbay.gov.uk/budget-202324)) and are listed below:

- **Torbay Council – Revenue Budget Digest 2023/24**  
This provides a description of what each Council service does and how much it is proposed that they will spend next year including how much income they will receive.
- **Chief Finance Officer's Report**  
This provides a more detailed narrative in relation to the 2023/24 Council budget.
- **Fees and Charges**  
The amount that the Council proposes to charge for its services over the next year.
- **Capital Plan 2023/24**  
This explains which capital schemes the Council plans to fund over the coming year.
- **Reserves**  
The current and forecast position on the use of the Council's reserves.

Other documents, which will be updated and published on the Council's website, will include the Capital Strategy, and the Treasury Management Plan.

The Cabinet's final budget proposals will be considered at the meeting of the Council being held on 7 March 2023 when the budget will be decided (by a simple majority vote) and the Council Tax levels will be set. This will include the precepts from the Devon and Somerset Fire and Rescue Authority, the Devon and Cornwall Police and Crime Commissioner and Brixham Town Council, with an overall Council Tax for Torbay being set.

Details of the meetings when the budget proposals will be discussed are available on the Council's website: [www.torbay.gov.uk/meetings-and-decisions](http://www.torbay.gov.uk/meetings-and-decisions)

# Revenue Budget 2023/2024

## Proposed Changes to the 2023/2024 Revenue Budget

Since the Cabinet's budget proposals were issued in January 2023, we have continued to review the assumptions upon which we based our proposals. In addition, further updates have been received on funding levels including on the amount of National Non-Domestic Rates (Business Rates) income that we will receive in the next financial year.

We have also considered the views of the wider community and those of the Council's Overview and Scrutiny Board which have been provided during the consultation period.

A summary of the changes in income and expenditure since the initial proposals were published is set out in Table 1. This includes changes to our original proposals as well proposals to meet emerging pressures within the Council's services.

Description	Reduction in Expenditure/ Higher Income £k	Increase in Expenditure/ Lower Income £k	Commentary
Reduced costs associated with English Riviera Air Show		50	Whilst we will continue to seek sponsorship for the Air Show, it is recognised that, in the current economic climate, the target proposed may not be met and additional money will be included in the budget.
TDA capital commitment		200	Taking account of the views of the Overview and Scrutiny Board, this proposal will not be taken forward in light of the work of TDA in delivering the Torbay Economic Growth Strategy.
Community swimming pools		24	£12,000 grant per annum for both Admiral Swimming Pool and Swim Torquay towards their ongoing costs.
Town centre improvements		100	Introduction of a new role within the Council focussed on developing action plans, sourcing funding and working alongside stakeholders to help achieve the Council's strategic ambitions for our town centres.
Enforcement and heritage		50	Additional resources to support the Planning Service especially around enforcement and heritage works.
Sub total	0	424	

Increased National Non-Domestic Rate income and final Services Grant	424		Our level of NNDR income has now been forecast as higher than previously assumed.
Net Change in Budget		0	

**Table 1: Summary of changes in income and expenditure**

## Revenue Budget 2023/2024

The Council is being asked to approve the Cabinet’s proposal for the total net revenue budget for 2023/2024 and the budget that will be required to be funded from Council Tax.

The Council is also being presented with the allocation of the 2023/2024 revenue budget to individual services as identified in the Budget Digest which has been circulated separately. The allocation of budget to services is a key part of the Council’s financial control arrangements. The Financial Regulations in the Constitution govern any subsequent in-year budget changes. The approval of fees and charges for 2023/2024, in addition to supporting the achievement of budgeted income, provides clarity to services and service users. The Officer Scheme of Delegation governs any subsequent in-year changes to fees and charges.

A summary of this information is shown in the Table 2.

<b>Service</b>	<b>Expenditure £m</b>	<b>Income £m</b>	<b>Net £m</b>
Adult Services	70.4	(21.6)	48.8
Community and Customer Services	45.1	(41.9)	3.2
<i>Housing Benefit included in Customer Services</i>	<i>36.1</i>	<i>(36.1)</i>	<i>0</i>
<b>Sub Total – Adult Services</b>	<b>115.5</b>	<b>(63.5)</b>	<b>52.0</b>
<b>Children’s Services</b>	<b>118.2</b>	<b>(67.7)</b>	<b>50.5</b>
<i>Dedicated Schools Grant including in Children’s Services</i>	<i>50.8</i>	<i>(50.8)</i>	<i>0</i>
<b>Public Health</b>	<b>10.7</b>	<b>(0.3)</b>	<b>10.4</b>
Corporate Services	9.1	(1.1)	8.0
Chief Executive’s Unit	5.2	(1.2)	4.0
<b>Sub Total – Corporate Services</b>	<b>14.3</b>	<b>(2.3)</b>	<b>12.0</b>
<b>Finance</b>	<b>33.5</b>	<b>(46.0)</b>	<b>(12.5)</b>
<b>Investment Properties</b>	<b>10.0</b>	<b>(14.1)</b>	<b>(4.1)</b>
<b>Place</b>	<b>47.6</b>	<b>(24.9)</b>	<b>22.7</b>
<b>TOTAL</b>	<b>349.8</b>	<b>(218.8)</b>	<b>131.0</b>
<b>Sources of Funding</b>			
Council Tax			82.7
Collection Fund Surplus/(Deficit)			0.5
Revenue Support Grant			7.7
Business Rates (NNDR)			40.1
Other Grants			0
<b>TOTAL</b>			<b>131.0</b>

**Table 2: Revenue Budget 2023/2024 - Summary**

The value of Council Tax after a rise in the Torbay element of the Council Tax of 2.99% and a 2% rise for adult social care is £82.7 million. This 4.99% rise will increase the Band D Council Tax in Torbay by £84.33 (of which the 2% rise for adult social care is £33.80), which equates to £1.62 per week.



When the Council formally sets the Council Tax for 2023/2024, the Council's budget must include the council tax requirement for Brixham Town Council. The value of this precept (£0.394m) will be included as part of the Torbay Council budget for Council Tax setting purposes.

## Capital Plan 2023/2024

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We explained within our consultation that, as our operational (revenue) spend remains under pressure, it is vital that we maximise the opportunities within our Capital Plan.

It is now proposed that our Capital Plan will include a £3 million capital borrowing facility for community-led affordable housing schemes which will enable local organisation to buy and improve properties for affordable housing.

Therefore, our four-year Capital Plan is now £305m with a programme of capital works of £90m in 2023/2024. It is also proposed that a Capital Projects Contingency Fund of £274,000 is established (funded from the contingency held for National Non-Domestic Rates which has been released to the Council). This will help to mitigate the ongoing national risks of increased capital costs.

Our capital plan for next year has been reviewed and milestones for each project have been published alongside what we are proposing to spend. Each capital scheme is focussed on achieving outcomes which will help us to meet our ambitions within our Community and Corporate Plan.

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For more information, please contact [consultation@torbay.gov.uk](mailto:consultation@torbay.gov.uk)

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# Draft Budget 2023/24 – Consultation Results

23 February 2023

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## Introduction and Summary

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The Cabinet published draft proposals for the Council's revenue and capital budget for 2023/24 in January 2023 and an online survey was created to gather public views. The consultation opened on 11 January 2023 and closed at midnight on 12 February 2023.

There were 67 responses to the on-line survey. All percentages shown within this report use the number of people that completed the survey as the denominator. All comments within this report are shown as written by the respondent. No written representations were received.

During the course of the consultation, we also ran Facebook, Twitter and Instagram polls on some of the proposals and those results are also included within this report. A Facebook Live event was held on 26<sup>th</sup> January 2023 to share information about the proposals for the council's 2023/24 budget and answer questions.

A summary of responses to the survey are shown in the table below.

<b>Proposal</b>	<b>Agree</b>	<b>%</b>	<b>Disagree</b>	<b>%</b>
Home to school transport	57	85.1%	9	13.4%
Foster families payment	35	52.2%	31	46.3%
Increased income from events	63	94.0%	3	4.5%
Improving skills	50	74.6%	16	23.9%
Further sponsorship for English Riviera Air Show	61	91.0%	5	7.5%
Investment in premier resort	50	74.6%	17	25.4%
Advertising in community magazines	19	28.4%	48	71.6%
Inclusion Officer	29	43.3%	38	56.7%
Live streaming of meetings	32	47.8%	34	50.7%
Council Tax	35	52.2%	32	47.8%

# Responses to the Proposals

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## Children's Services

### Home to school Transport

Promoting individual travel to school reduces the need for transport on minibuses and taxis for identified individuals. We will also consistently review the use of single occupancy taxis. Through this, we are proposing to save £67,000 from the home to school transport budget.

Do you agree with this proposal?

	Number	%
Agree with this proposal	57	85.1%
Disagree with this proposal	9	13.4%
No response	1	1.5%
Total	67	100.0%

In response to the social media polls for this proposal there was one response in agreement with the proposal and none against it.

### Foster Families Payment

Our foster families are central to our commitment to children and young people. We are proposing to make a one-off thank you payment of £1000 per family as a mark of our appreciation. We currently have about 90 foster families.

Do you agree with this proposal?

	Number	%
Agree with this proposal	35	52.2%
Disagree with this proposal	31	46.3%
No response	1	1.5%
Total	67	100.0%

In response to the social media polls for this proposal there were 19 responses in agreement with the proposal and none against it.

## Place Services

### Increased Income from Events

We have invested in the infrastructure at the Banjo and Princess Gardens in Torquay. We are proposing to generate an increased income of £23,000 by holding more events in these spaces.

Do you agree with this proposal?

	Number	%
Agree with this proposal	63	94.0%
Disagree with this proposal	3	4.5%
No response	1	1.5%
Total	67	100.0%

In response to the social media polls for this proposal there were 21 responses in agreement with the proposal and none against it.

### Improving Skills

We are proposing to allocate £50,000 towards implementing our Economic Strategy, in particular supporting improving skills in the local area. This money will help between 40 and 60 local businesses.

Do you agree with this proposal?

	Number	%
Agree with this proposal	50	74.6%
Disagree with this proposal	16	23.9%
No response	1	1.5%
Total	67	100.0%

In response to the social media polls for this proposal there were no responses in agreement with the proposal and one against it.

## Further sponsorship for English Riviera Air Show

We are proposing to save £27,000 on the costs associated with the English Riviera Air Show by seeking further sponsorship for the event.

Do you agree with this proposal?

	Number	%
Agree with this proposal	61	91.0%
Disagree with this proposal	5	7.5%
No response	1	1.5%
Total	67	100.0%

In response to the social media polls for this proposal there were 11 responses in agreement with the proposal and one against it.

## Investment in Premier Resort

We are proposing on investing another £100,000 to keep the Bay clean, tidy and attractive as part of our aim to the premier tourist resort in the UK.

Do you agree with this proposal?

	Number	%
Agree with this proposal	50	74.6%
Disagree with this proposal	17	25.4%
No response	0	0.0%
Total	67	100.0%

In response to the social media polls for this proposal there were 12 responses in agreement with the proposal and three against it.



Respondents who agreed with the proposal to invest £100,000 to keep the Bay clean, tidy and attractive, were asked how they would like to see this investment used. There were 43 responses to this question which are categorised in the table below.

Theme	Example of responses
Appearance (16)	<p><i>“Street cleaning, improvement of hoarding to look more appealing</i></p> <p><i>“Renewal of street furniture and deep cleaning of hard standing areas”</i></p> <p><i>“Clean the streets, fix the horrible patchwork on the pavements and roads”</i></p>
Bins / frequency of emptying (15)	<p><i>“improve worker efficiency in collecting rubbish and provide more bins in busy areas across the bay”</i></p> <p><i>“Increase public bin emptying in peak times – summer...”</i></p> <p><i>“More Recycling Bins across the Bay, encourage visitors to take their litter home with them,”</i></p>
Street cleaning / Litter (14)	<p><i>“Litter clearing from all public spaces including the beach”</i></p> <p><i>“Litter picking, but I do think some of the fast food retailers should be encouraged to litter pick regularly and not just around their establishments but to spots we regularly see their packaging discarded.”</i></p> <p><i>“More street cleaning...”</i></p>
Fines / Enforcement / Responsibility (9)	<p><i>“Install high quality CCTV and fine fly tippers and those with dogs who do not clear up the mess. Employ a dog warden....”</i></p> <p><i>“Enforcement is imperative”</i></p>
Flower beds / Planting (9)	<p><i>“Make the gardens look attractive, the way that they used to be with attractive flower beds and not just grass as far as the eye can see. On Paignton sea front you have placed the stone containers that were on Torquay sea front, fill them with flowers.”</i></p> <p><i>“...Ensuring flower beds in public spaces are kept tidy and plants regularly changed. More hanging baskets,”</i></p>
Other (9)	<p><i>“...free toilets”</i></p> <p><i>“More seating around the harbours.”</i></p>

Grass cutting / Weeds / Verges (8)	<i>“Grass cutting, weeding on pavements and kerbs. General road cleaning.”</i> <i>“...cut the grass verges”</i>
Beaches (4)	<i>“More beach cleans and available bin services during summer months”</i>
Town Centres (4)	<i>“Deep cleaning town centre pavements as well as prime tourist areas...”</i>
Residential / Community areas (4)	<i>“To clean up not only the seafront areas but the streets in Brixham and Furzeham where visitors do go to visit family or to B&amp;Bs as our streets are quite disgusting with weeds in the kerbs, grass not cut AND CLEARED BUT LEFT LAYING ON TOP blowing”</i>
Graffiti (4)	<i>“Grafitti removal and painting/cleaning of walls...”</i>

## Advertising in Community Magazines

Over the past two years we have placed information articles in magazines which circulate in some areas of Torbay. This has cost us £10,000 per year and means that those with no digital access can hear about the Council's news and plans.

We are proposing increasing our spend on this activity to £20,000 so that we can cover more areas of Torbay.

Do you agree with this proposal?

	Number	%
Agree with this proposal	19	28.4%
Disagree with this proposal	48	71.6%
No response	0	0.0%
Total	67	100.0%

In response to the social media polls for this proposal there were seven responses in agreement with the proposal and one against it.

Respondents who agreed with the proposal to increase advertising in community magazines, were asked in which community magazines they would like to see articles from Torbay Council.

There were eight responses to this question. Four mentioned the Brixham Signal and four mentioned the Beach Hut. Respondents also suggested:

- Similar publications to the Beach Hut
- "...Any ward publications."
- "...magazines which are distributed in areas of noticeable poverty, where perhaps people do not have internet access. I assume that most 'comfortably-off elderly people do have access or someone who keeps them informed."
- "Local newsletters produced by Community Builders and Partnerships..."

## Corporate Services

### Inclusion Officer

Following the recommendations from the Torbay Racism Review Panel, we are proposing to appoint an Inclusion Officer. They would work internally and externally to support the Council to meet its public sector equality duty. This would include implementing the Action Plan from the Torbay Racism Review. This proposal will cost £50,000.

Do you agree with this proposal?

	Number	%
Agree with this proposal	29	43.3%
Disagree with this proposal	38	56.7%
No response	0	0.0%
Total	67	100.0%

In response to the social media polls for this proposal there were six responses in agreement with the proposal and 10 against it.

## Live-streaming of Meetings

Over the past year we have run a trial live-streaming meetings of the Council, Cabinet and Planning Committee. This costs £90,000 per year and means that more residents can be involved in the decisions we make.

We are proposing to continue to live-stream these meetings as well as promote them more widely.

Do you agree with this proposal?

	Number	%
Agree with this proposal	32	47.8%
Disagree with this proposal	34	50.7%
No response	1	1.5%
Total	67	100.0%

In response to the social media polls for this proposal there were nine responses in agreement with the proposal and two against it.

## Council Tax

In 2022/2023, Torbay's Council Tax charge (excluding precepts for Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Service) for an average Band D property is £1,690.06 per year.

The Government assumes that local authorities to raise Council Tax by 2.99% plus 2% for adult social care. Increases greater than this require a referendum.

We are proposing to increase the Torbay Council element of Council Tax by 2.99% plus 2% for adult social care. The reasons for this are explained in our Budget Overview.

The increase is £1.62 per week (£84.33 per year) for an average Band D property.

Do you agree with this proposal?

	Number	%
Agree with this proposal	35	52.2%
Disagree with this proposal	32	47.8%
No response	0	0.0%
Total	67	100.0%

In response to the social media polls for this proposal there were nine responses in agreement with the proposal and 14 against it.

## Comments

### Comments on Survey Responses

Respondents were asked if they wanted to provide any comments on the answers they gave in the survey. There were 40 responses which have been categorised and are shown in the table below.

Theme	Example of responses
Council Tax (15)	<p><i>“You make no allowance for the fact that inflation is on the way down. Such a big increase in council tax is not helping get the cost of living down”</i></p> <p><i>“It is despicable that the council intends to raise council tax by 4.99% especially when it will be used for things such as £50,000 for an inclusion officer yet the council never seems to spend money to fix the terrible pot holed road surfaces.”</i></p> <p><i>“It would seem to be irresponsible to raise council tax during this period when every other bill is also increasing. It is likely to lead to more individuals unable to pay or seeking help to meet council tax bills which would cost the council more in the long run. Plus making it even more difficult for local people to afford to live in Torbay.”</i></p>
Other (12)	<p><i>“Increased use of open spaces - Torre abbey for outdoor entertainment. Modern facilities like WeSup cafe and SUP on Torre abbey sands increased to bring in income and make the area attractive to non pensioner / younger visitors. Continue to encourage rough sleepers to move into hostels and look to move on or stop street begging especially around the Torquay harbour area.”</i></p> <p><i>“We are living through an economic and social crisis and this is reflected in the need to increase the budget. What is being done to help those residents suffering during the crisis,”</i></p>
Inclusion Officer (7)	<p><i>“...£50k to employ someone to cover racial inequality under Corporate Services is extortionate. Why such a high salary? With restructuring across Council services I'm sure this role could be job-shared by 'down time' which already exists within roles which are already filled....”</i></p>

<p>Adult Social Care (7)</p>	<p><i>“The adult social care costs more and more every year. Fed up of being being squeezed for that whilst I can see the general state of the bay reduces every year. Get benefit claimants to give back where appropriate, obviously all won't be able to but some should repay debt to society.”</i></p>
<p>Foster Carers (6)</p>	<p><i>“I am not against rewarding foster carers as such but a £1000 cash payment seems excessive and not well targeted. I would suggest a one off council tax bill reduction would be a better idea (although recognise there will need to be something in place to cover foster carers who don't live in Torbay)”</i></p>
<p>Live Stream Meetings (6)</p>	<p><i>“Live streaming - I agree with the principle, but I'm not sure why it costs £90k per year. Streaming services are free - both the platform and the software, such as Steamlabs, this is free software that you just download onto a PC and will interface with almost all streaming software such as Facebook, YouTube, and Twitch. You only need a one-off cost for the equipment that's being used which at most the very most will net £1k (high-end PC, high-end camera(s), high-end microphone(s) etc.) and if it's being live-streamed, there's no reason to hire out a room (which also takes away the need to have microphones)...”</i></p>
<p>Waste / Value for money (6)</p>	<p><i>“Given the current circumstances Torbay Council needs to focus on delivering its statutory services, and not focusing on a lot of the discretionary services - particularly spend around place making. As we have seen recently the Council are not providing value for money, nor efficient and effective delivery of the basics. The money spent on its investment portfolio is generating a diminishing income - these assets should be sold off while they are still of value.”</i></p>
<p>Highways (4)</p>	<p><i>“It is despicable that the council intends to raise council tax by 4.99% especially when it will be used for things such as £50,000 for an inclusion officer yet the council never seems to spend money to fix the terrible pot holed road surfaces. Every year I spend hundreds of pounds on car mot's for damaged suspension components, I wish I could send the council my bills to be paid for this unnecessary damage yet you continue to waste money on hair brained ideas like the one I mentioned above, you are an absolute joke”</i></p>

Investment in premier resort (4)	<i>“Re keeping the bay clean for tourists. What about residents who pay all this council tax! We want to live in clean environment and need more dog/litter bins in places like Northfield rd and roads leading up to Battery Gardens etc. Also regular road and pavement sweeping in these areas. Not been done for years. The bus stop areas in Brixham parade are a disgrace.”</i>
Advertising in community magazines (4)	<i>“Money should be spent on increasing IT and social media access to all rather than advertising in paper publications. Also to work with the range of new CICs, cafes, other venues to spread the word and engage. They are better placed to do so. Not just CDT...”</i>
Children’s Services (3)	<i>“Before I would agree with the reduced costs associated with home to school transport under Children's Services I would want to see the full plan that would be delivered to successfully achieve this aim, given that we are talking about vulnerable children/young people. Hence the No at this time.”</i>
Air Show (2)	<i>“Kill the Air Show (pollution, duplication) unless fully self-funding”</i>
Policing (2)	<i>“Don't see how you can justify the increase in council tax with the state of torbay and the lawlessness in torquay, and the underperforming police”</i>

## Comments on Other Aspects of the Proposed 2023/24 Budget

Respondents were asked to let us know their views on any other aspects of the proposed budget for 2023/24. There were 24 responses which have been categorised and are shown in the table below.

Theme	Example of responses
Other (8)	<p><i>“Urgent push to prioritise implementation of projects already in pipeline, demonstrate results this financial year. Too much is left dangling”</i></p> <p><i>“Would be good to get further sponsorship for the Airshow to reduce Council subsidy and to do a Climate Impact assessment to see if the negative impact of this event on the climate/Net zero can be reduced and if the findings are overtly negative , review the sustainability of the event in the future.”</i></p>
Out of touch / Wasting money (6)	<p><i>“I think that the council are out of touch with reality and what is happening. You really need to get the voice of the younger generation and a more diverse representation across torbay and that is not reflected in the make up of the council”</i></p> <p><i>“Stop wasting money”</i></p>
Disadvantaged / Cost of living (5)	<p><i>“A mainly elderly and low working age wage economy are being hit heavily by Council Tax, freezing of personal tax allowances and the total cost of living crisis. And now increasing the Council Tax by the maximum without a referendum you are pushing many to the limits. This is a step too far.”</i></p>
Council Tax (4)	<p><i>“Where do you expect residents to get the money from to pay such an extortionate rise on the council tax. Do you think we just pluck it from a tree??? Get back in the real world.”</i></p>
Inclusion Officer (3)	<p><i>“...Stop wasting money on virtual meetings and inclusion officers and get back to delivering the services that are most needed...”</i></p>
Streaming Meetings (3)	<p><i>“They is it costing £90K to live stream Council's meetings. It sounds very high?”</i></p>



Policing (2)	<p><i>“There should be no further increase for police spending until they actually justify what is spent on them already by actually catching criminals and not ignoring evidence which is provided identifying the criminals. There is no sense in employing more officers when the ones that we have do not do their job in the first place. If the CPS is the problem and they feel that they cannot prosecute anyone then sort them out as well.”</i></p>
Foster Carers (2)	<p><i>“Every year the cost of child and adult services rise. The bid to reduce costs of transport home to school is admirable but is the tip of the iceberg. Rewarding foster carers, who get a reasonable amount of money for what they do, once again adds to the child and support budget which is huge.”</i></p>
Roads / pavements (2)	<p><i>“Much too money is being spent on "ego" trips such as the Premier Inn. Such projects should be left to private investors who know what they are doing and the Council should concentrate on basics such as the appalling sate of roads and pevements”</i></p>
Brixham (2)	<p><i>“Once again in a Torbay Council budget proposal there is almost no mention of projects for Brixham, other than St Kilda's, which has been proposed for quite some time. In order for Torbay to become a truly premier resort the Council needs to invest in developments in all of its towns, not just Torquay and Paignton. Town Centre Regeneration and an Enhanced Park and Ride facilities are the keys to unlocking Brixham's potential with public support. The fishing industry is vital to our town's success and reputation, but above the harbour progress must be made in the coming financial year and throughout the period of the next administration, whatever form it may take.”</i></p>

## Respondent Profile

Postcode:

	Number	%
TQ1	18	26.9%
TQ2	10	14.9%
TQ3	12	17.9%
TQ4	10	14.9%
TQ5	12	17.9%
Outside of Torbay	2	3.0%
No response	3	4.5%
Total	67	100.0%

What is your connection with Torbay? Please tick all that apply.

	Number
I live in Torbay	66
I work in Torbay	23
I study in Torbay	2
I own a business in Torbay	5
I am a visitor to Torbay	1
I own a house in Torbay that I do not live in	2

Are you?

	Number	%
Female	29	43.3%
Male	24	35.8%
Prefer to use own term	1	1.5%
No response	13	19.4%
Total	67	100%

What is your year of birth?

	Number	%
1940 - 1949	7	10.4%
1950 - 1959	18	26.9%
1960 - 1969	18	26.9%
1970 - 1979	9	13.4%
1980 - 1989	4	6.0%
1990 - 1999	6	9.0%
No response	5	7.5%
Total	67	100.0%

Do you consider yourself to be disabled in any way?

	Number	%
Yes	9	13.4%
No	44	65.7%
No response	14	20.9%
Total	67	100.0%

How would you describe your ethnicity?

	Number	%
White	50	74.6%
Other ethnic group	3	4.5%
Prefer not to say	1	1.5%
No response	13	19.4%
Total	67	100.0%

## Forum

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In addition to the survey, the Consultation web page a Budget Discussion forum was created so respondents could discuss the Cabinet's budget proposals with others in the community. Comments from the forum are shown below.

- “An additional spend on media does not seem justifiable when the majority of the council's media presence is about virtue signalling. It should be explained more minutely - what will this be spent one? And please justify also any spending on new grass covered bus shelters - is the council aware of the regreening affect that has taken place globally since the turn of the century? This too is simply virtue signalling. Please justify.”
- “Increasing council tax further is ludicrous in the current economic climate. Since moving into our property in 2016 our annual council tax bill has already risen by 34%! How can Torbay council justify a further increase?”
- “Is not the Rate rise, be 3 % only, without a Public Referendum?. Surely it is the wrong time to increase Local Authority Rates while people are severely hit hard with domestic bills, cutting back on their heating and food, etc. The expenses of certain councilors appear to be very excessive.”

# Social Media Evaluation

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Social media polls took place on Facebook, Twitter and Instagram, the polls complemented the consultation. They asked members of the public to agree or disagree with the proposals as well as inviting them to post comments.

In total there were 127 votes in the polls. Of these 89 votes (70%) were in favour of the proposals and 32 votes [25%] were against. The remaining 5% of votes used responses not relevant to the question. There were 3 polls that generated a lot of comments / conversation. This is also reflected in the feedback as part of the online questionnaire. The 3 polls are in relation to:

1. Increasing Council Tax
2. Appointing an Inclusion Officer
3. Costs associated with Live Streaming meetings

Compared with 2022/23 and previous years overall engagement levels are down. This may be as there is nothing contentious within the proposals. Overall, the engagement rate for 2023/24 was much lower, especially in terms of people voting in the poll questions. (285 in 2022/23 agreeing, compared with 89 in 2023/24). Peak viewers of the Facebook Live were around 50% less than in 2022/23.

On the night of the Live Facebook event, the number of viewers varied, going from 22 and peaking at 42. In total the video reached 1,400 people, and generated 92 reactions in total (comments, shares, likes etc.).

A One Torbay budget special was issued on 13 January to 9,506 subscribers.

## Bulletin analytics

▪ Total opens	9,565
▪ Unique opens	4841 (52%)
▪ Total clicks	830
▪ Top click (to budget proposals)	251

## Top line figures

▪ Number of consultations completed	67
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## Polls

▪ Total audience reached with polls	11,663
▪ Total no of link clicks from polls	137
▪ Total no of votes in the Budget polls on social media	127
▪ No of votes agreeing with proposals	89
▪ No of votes disagreeing with proposals	32

## General awareness (inc Facebook Live promotion)

▪ Direct Link Clicks to website (excluding poll posts)	184
▪ Total reach	10,050
▪ Engagement (likes, comments, shares)	17

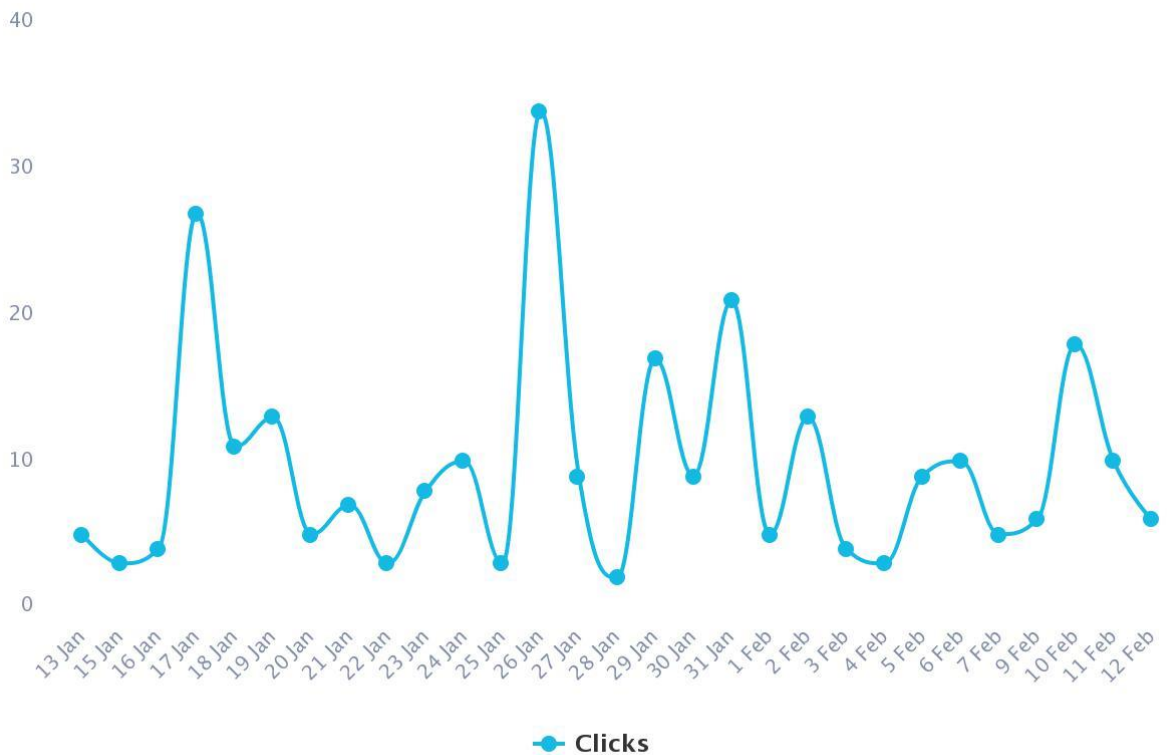
### Live Facebook Event

- Peak live viewers 42
- Reach 1,400
- Engagement (likes, comments, shares) 92

### Orlo summary of budget consultation posts

- Reach 207.1k
- Impressions 19.2k
- Clicks 280
- Comments 68
- Likes 103
- Shares 26

The peaks in activity coincide with key activity such as the issuing of One Torbay and the Facebook Live event.



Highcharts.com

### [yoursay.torbay.gov.uk](https://yoursay.torbay.gov.uk) summary

- Consultation survey ran for 35 days
- 67 responses to the consultation survey
- 508 people were aware (people who made at least one visit to the webpage)
- 322 people were informed (people who, once on the webpage, took the “next step” to another piece of information on the page e.g. read a document or clicked through to a survey)
- 141 downloads of supporting documents

**Meeting:** Cabinet  
Council

**Date:** 23 February 2023  
7 March 2023

**Wards Affected:** All Wards

**Report Title:** Review of Reserves 2023/24

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

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

**Cabinet Lead Contact Details:** Darren Cowell, Cabinet Member for Finance  
[Darren.cowell@torbay.gov.uk](mailto:Darren.cowell@torbay.gov.uk)

**Supporting Officer Contact Details:** Martin Phillips, Chief Finance Officer  
[Martin.Phillips@Torbay.gov.uk](mailto:Martin.Phillips@Torbay.gov.uk)

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## 1. Purpose

- 1.1. The Council holds reserves as part of its approach to maintaining a sound financial position, protecting the Council to some degree from volatility in its budget going forward. The requirement for financial reserves is linked to legislation such as the Local Government Act 1992 which requires councils to “have regard” to the level of reserves needed to meet future expenditure when calculating a budget. Part of sound financial management is to assess the adequacy of these reserves and release those reserves no longer required.

## 2. Proposed Decision

- 2.1. That, in support of the 2023/24 budget setting process, the Council’s reserves position be noted.

## 3. Reasons for Decision

- 3.1. A Review of Reserves is a key part of the Council’s budget setting process. Consideration of reserve levels is linked to legislation for budget setting contained in both the Local Government Acts of 1992 (section 31A & 42A) and 2003 (section 25) and linked to section 114 of the Local Government Finance Act 1988.
- 3.2. The Council continues to face financial uncertainty over future year council funding levels as the 2023/24 Local Government finance settlement was again for one year only.
- 3.3. Inflation is an uncertainty for the Council. Inflation rates in January 2023 were over 10%. Although these rates are forecast to drop back to 2% over the next two years there will inevitably be uncertainty of the exact impact of inflation on costs in 2023/24. These include the 2023/24 pay award and utility costs.
- 3.4. The General Fund is £5.7m which is approx. 4.3% of the Council’s 2023/24 net revenue budget. This level of General Fund reserves is below the 5% target, and it is recommended that if additional funds are available then this reserve is increased to a 5% level. Should the

Local Authority be required to fund the Dedicated Schools Grant (DSG) deficit, which is forecast to be more than £12m by March 2023, this would exceed the General Fund Reserve balance and would cause a fundamental financial issue for the Council.

- 3.5. The Comprehensive Spending Review (CSR) reserve may be needed to fund any in year overspend for 2022/23 should this overspend not be addressed during the remainder of the financial year.
- 3.6. As mentioned earlier, there remains a significant reserve risk due to the deficit balance on the DSG due to higher demand and cost in relation to children who require additional support. Whilst this is no longer shown as a negative reserve due to the current statutory override which allows a reclassification of the deficit on the Council's balance sheet, this remains a significant risk to the Council's reserve position. The Council does not receive any funding for schools as part of its own funding therefore the overspend is expected to remain in the DSG to be funded from DSG in future years. The Council is in advanced discussion with the Department for Education (DfE) as part of the Safety Value Programme. Under this programme, if agreed, the Council must submit, and then achieve, a deficit recovery plan. If this plan is achieved, then DfE will then provide funding for the accumulated deficit. It is therefore essential that even if a safety value isn't agreed that the recovery plan is implemented successfully, and the projected funding reductions achieved.
- 3.7. Due to the financial risks facing the Council in 2023/24 because of any prolonged effect of Covid-19, the cost-of-living issues and possible risks in future years, it is essential that the Council's reserves provide a sufficient contingency to meet this increasing risk and to ensure a robust budget. In line with previous Reviews of Reserves and the Medium-Term Financial Plan, it is recommended that, because of the level of current and previous year budget variations, we continue set the target for the CSR Reserve at a minimum of £3m.
- 3.8. A key risk for the organisation is the Council's integrated arrangement for adult social care (ASC) with the NHS which has been in place since 2005. There is a funding agreement in place until March 2025 which requires a one-year notice period. Whilst both partners fully support the integrated arrangements and would wish them to continue, if the agreement were to end, the financial impact on the Council would be fundamental as the levels of spend on ASC under a fully integrated system are significantly higher than the funding the Council provides.
- 3.9. A risk that has arisen in the past year linked to the economic conditions and high inflation is the impact on the Council's capital plan. A combination of higher construction costs, contractor instability and higher borrowing costs will make capital projects harder to be financially viable. This may result in the significant redesign of projects or the pausing or stopping of projects. As a result, if schemes change or are stopped, expenditure incurred as capital may not now have an asset to which these costs can be attributed. They would therefore become abortive costs which would need to be charged to the revenue budget. In February 2023, the Department of Levelling Up, Housing and Communities (DLUHC) released an additional £0.273m of funding (for the 2022/23 financial year) and this will be allocated to a new "capital projects reserve" to help mitigate this risk.
- 3.10. Linked to the issues on the viability of capital projects, if a scheme is unable to continue this may require the repayment of grants to the funding bodies with the costs incurred to date being abortive and a council cost.
- 3.11. In the absence of clarity on future year funding from central government, councils, including Torbay, will inevitably aim to mitigate against that uncertainty. Uncertainties for Torbay Council include:



- Impact of Spending Review in 2025/26 onwards
- Any ongoing financial impact of Covid-19
- Any ongoing financial impact of current economic conditions and cost-of-living
- Impact of new funding formula for councils in “next parliament”
- Unconfirmed allocations for specific grants such as Improved Better Care Fund, Flexible Housing Grant and Supporting Families for 2025/26
- Impact of relative resource (council tax and service) equalisation in “next parliament”
- Impact of the new NNDR retention scheme in 2023/24 in the “next parliament”
- Impact of the revised NNDR baselines in 2023/24 in the “next parliament”
- Future value of contract for Adult Social Care in 2025/26
- Impact of reforms to Adult Social care from October 2025.

- 3.12. The Council has previously undertaken activities that have a higher level of risk associated with them. This includes the Investment Fund (purchases now stopped) and both affordable and extra care housing where the Council is investing a significant amount funded by prudential borrowing via its subsidiary company Tor Vista Homes. Whilst significant business case analysis and due diligence of proposals is undertaken for each initiative, there is always a risk that the projects will not deliver the income required to cover the “fixed” costs of the borrowing. These more commercial activities carry a higher level of risk and reward which is linked to changes in income streams (such as rent) and fluctuations in the values of any underlying assets.
- 3.14 Several of the regeneration and housing schemes the Council is considering are high value schemes that have a higher level of risk associated and require a significant level of future income to support the borrowing required. These include the extra care accommodation at both Crossways and Torre Marine and the major regeneration schemes at Union Square and Debenhams, Torquay and at Victoria Square. Paignton.
- 3.15 In addition, the Council owns 100% of SWISCo, Torbay Education Limited and the TDA Group of companies including Tor Vista Homes, TEDC Developments, C&A Consultancy and Complete Cleaning Solutions. There are inevitably risks associated with those companies.
- 3.16 Members are again reminded of the advice previously given by the Chief Finance Officer, that reserves should not be used for supporting ongoing recurring expenditure. Use in that way is not financially sustainable as reserves can only be spent once.

#### **4 Chief Finance Officer Statement.**

- 4.1 The Council is continuing to face financial challenges. I am satisfied that the Council’s General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council’s Financial Plans for 2023/24 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment.
- 4.2 I fully support ensuring that a prudent level for the General Fund reserve at 5% of the Council’s net revenue budget remains an objective.

- 4.3 The adequacy of the Council's reserves can be supported if the following actions are undertaken:
- a) That the Council maintains the focus on social care, both adults and children's, as the biggest financial risks to the Council to deliver the identified improvements supported by a robust financial recovery plan and the sufficiency strategy;
  - b) That the Council maintains its focus on the recovery plan for reducing the deficit on the Higher Needs Block and continues the safety value programme with DfE; and
  - c) That the Council urgently assesses the financial viability of the projects within its capital plan.
- 4.4 However, all consideration of reserves must recognise the two fundamental financial risks to the Council:
- 1) the increasing cumulative deficit on the Higher Needs Block which is part of the ring-fenced Dedicated Schools Grant. This deficit is forecast to be over £12m by March 2023.
  - 2) The financial impact on the Council if the integrated health and adult social care arrangement is ended.
- 4.5 For more detailed information on this proposal please refer to the supporting information attached.

**Martin Phillips**  
**Chief Finance Officer**

## Supporting information

### A1. Introduction

A1.1 A Review of Reserves is part of the Council's annual budget process.

### A2 Review of Reserves 2023/24

#### A2.1 Overview

A2.2 As at the start of the year, Torbay Council's reserves were £5.7m General Fund reserve and £67.1m of earmarked reserves

A2.3 A list of the Council's Reserves is attached in Appendix 1.

A2.3 The total balance of earmarked reserves may seem adequate. However, an examination of the individual reserves shows that, for the majority of reserves, their balance is ring fenced, links to a partner or is for a specific future funding issue or a specific future risk. Therefore the flexibility to use those reserves to apply to an overspend position is limited.

A2.4 The table in Appendix 1 currently **excludes** the deficit balance in the Higher Needs Block of the Dedicated Schools Grant of £9m as at March 2022. Under a statutory override this reserve is reclassified until the end of 2025/26. At this point, if the statutory override is not extended, nor a central government solution identified, then the total of Torbay's reserves will reduce by the deficit balance which is forecast to be more than £12m at the end of 2022/23.

A2.5 Each reserve has been assessed for its estimated balance as at 31<sup>st</sup> March 2023 and for the estimated additions or withdrawals from the reserve during 2023/24 and future years. This is included in the table at Appendix 1. Where there is a surplus balance on a reserve this has been transferred to the CSR Reserve.

A2.6 The level of reserves is expected to decrease between March 2022 and March 2023 by circa £19m.

A2.7 Part of the movement is due to amounts carried forward for specific issues including the Collection Fund Reserve balance that reflects the timing of the NNDR relief compensation grants.

#### A2.9 Adults Social Care

A2.10 The current three-year agreement, now extended for two years, will expire in March 2025. This agreement between the Integrated Care Organisation (ICO) and Clinical Commissioning Group (CCG) and the Council provides a "fixed" annual payment in exchange for no exposure to the risk of changes in cost. This therefore reduces the exposure to financial risk on this service in 2023/24 to nil. However, it is essential for both the Council and NHS to work pro-actively together to mitigate any cost increases to ensure the agreement remains affordable to both.

#### A2.11 Children's Social Care

A2.12 Following significant investment in the service the financial position for children's social care has improved. Continued stability within spend in this service remains crucial to the Council's medium-term sustainability.

A2.13 The service's 2023/24 budget has been increased for inflation and includes a £2.5m allocation of additional social care grant. As part of the 2022/23 budget to mitigate against volatility of cost and demand for placements, a new earmarked reserve was established with an initial level of £1.0m. This reserve should be reviewed as part of the Council's 2022/23 outturn position to ensure the reserve remains at an appropriate level.

#### A2.14 Information Technology

A2.15 Continued investment in renewal and upgrading of IT software and hardware (such as servers and laptops) is essential to maintain and improve council services. The updated IT

Strategy has identified several requirements which will need to be included in the medium-term resources plan to support future year budgets.

### A3.0 **Guidance on the Management of Reserves**

A3.1 The CIPFA guidance on reserves is included in the Financial Management Code of Practice (2020). It states:

“the Local Government Act 2003, Section 25 requires the authority’s section 151 officer (an individual appointed under Section 151 of the Local Government Act 1972 to administer the authority’s affairs) to report to the council on the robustness of the estimates made in the annual budget and on the adequacy of the proposed financial reserves assumed in the budget calculations.

While the authority’s financial reserves can, in theory, be called upon to help balance the budget in the short-term by managing fluctuations in income and expenditure, to use reserves in this way is far from ideal. In general, reserves should only be used for:

- planned investment
- capital projects
- change programmes
- unexpected events such as natural disasters
- other reasonable uses for which they have been ‘earmarked’.

The authority’s reserves should not generally be used to pay for day-to-day expenditure. They should not, except in the most exceptional circumstances, be used to fund a budget shortfall either, without a plan in place to address the underlying deficit and to replenish the reserves. The authority will, ideally, have in place a policy setting out the reserves that it maintains, a prudent balance at which it seeks to maintain them (taking into account the nature of the financial risks that the authority faces), and the broad purposes for which these reserves should be used”.

A3.3 In undertaking a detailed annual review of reserves that is presented to Council, Torbay Council is largely complying with the CIPFA Financial Management Code.

### A3.7 **Earmarked Reserves**

A3.8 The following paragraphs make specific comments on several reserves. A summary of each reserve and their purpose is included as Appendix 2. Further information on all Council Reserves is available that shows details about each reserve, including the reason/purpose of the reserve, how and when the reserve can be used and the process for retention of each reserve to ensure continuing relevance and adequacy.

### A3.9 **Comprehensive Spending Review (CSR) Reserve**

A3.10 Based on the Quarter 3 budget monitoring report for 2022/23, with a reported overspend of circa £0.4m, there is a potential that the CSR Reserve could be reduced by up to £0.4m if this position does not improve.

A3.11 Due to the significant financial risks facing the Council in future years it is essential that the Council’s reserves provide a sufficient contingency to meet this increasing risk and to ensure a robust budget. The remaining balance on the COVID reserve as at March 2023 will be transferred to this reserve along with any surplus balances identified on other reserves.

A3.12 Given the levels of budget variation the Council has experienced in recent years; the minimum target reserve level should still be £3m.

### A3.13 **Investment Fund Reserve**

A3.14 The Council has now invested over £235m in investment property and capital loans. In line with current HM Treasury guidance, the Council is no longer purchasing such assets, but it retains its previous investments.

A3.15 The reserve remains in place to mitigate any variations in income or costs associated with Investment Fund properties such as void and rent-free periods and receives annual contributions from the rental income received.

A3.16 As the level of rent received from these properties services the costs of the investments, any potential variations in rent, either from market conditions, voids or rent-free periods need to be regularly monitored to ensure any potential issues are mitigated in advance. Annual valuations are undertaken for these properties which are included in Treasury Management reports to Audit Committee and Council.

#### **A4 Collection Fund**

A4.1 For NNDR, the Council bears a 49% share of the risk and reward of changes in the level of National Non-Domestic Rate income. Changes from the Council's initial National Non-Domestic Rate income estimate arising from changes in yield and collection will now also result in a Collection Fund surplus or deficit. The Council's share of any surplus or deficit will impact on the forthcoming year. The Council holds a Collection Fund reserve to help smooth the volatility of income. Estimates of future year surpluses or deficits are included as part of the budget setting process and reflected in the Medium-Term Resource Plan.

A4.3 Collection Fund income (Council Tax and NNDR) has been volatile in recent years and is likely to continue to be volatile in future years both from the ever-changing NNDR reliefs and from the collectability of the taxes in the economic circumstances.

A4.4 NNDR income has been particularly volatile over the past three years including the impact of the extensive NNDR reliefs awarded by central government which has distorted collectability. As a result of this volatility, the recent 2023 revaluation exercise of NNDR properties and updated appeal information from the Valuation Office since the 2017 revaluation, the level of this reserve will be reviewed in detail as part of the Council's outturn for 2023/24.

A4.5 Within this reserve is the funding established in 2020/21 to meet the spread of the 2020/21 deficit over three years. As a result, the Council, in future years, will not have to make service reductions to fund this shortfall.

#### **A5 Review of Provisions, other Potential Liabilities and potential risk from Council Companies**

A5.1 All companies owned by the Council are ultimately part of the Council's overall (consolidated) financial position and as CIPFA states that "the statutory role of the Chief Financial Officer does not stop at the boundaries of the local authority but extends into its partnerships, devolved arrangements, joint ventures and companies in which the authority has an interest".

A5.2 TEDC, trading as the TDA Group and 100% owned by the Council, has established several companies including Complete Cleaning Solutions Limited, TorVista, and TEDC Developments, Kings Ash Holdings and C&A Consultancy.

A5.3 Torbay Education Limited started operating in November 2021 providing specialist tuition for students unable to attend mainstream school for medical reasons.

A5.4 SWISCo started operating in July 2020 after the end of the TOR2 contract.

A5.5 As the number of council subsidiary companies and the range of activities they undertake expand, including the level of their assets and liabilities such as loans, the Council must ensure it closely monitors the companies' performance.

A5.6 In addition to earmarked and general reserves the Council also holds provisions, where appropriate, for issues where the Council has a clear liability which is likely to result in a payment but the amount and timing of the potential payment is uncertain. The Council holds provisions for future issues mostly in relation to insurance claims where the "time lag" on claims being notified and settled is often over one year and a provision for NNDR appeals. The Council gains or loses a 49% share of any movements in NNDR.

## **A6 Pensions and Loans (Non-Treasury Investments)**

- A6.1 Pensions: The Council has provided several guarantees in respect of pensions when staff have transferred from the Council's employment to an alternative supplier who has set up a Local Government Pension Scheme as an "admitted body". These are not guarantees to the supplier but to the pension fund in the event of the insolvency of the supplier. In the exceptional case of the pension liability being realised it is likely the liability will be transferred to the Council's own pension liability which will be reflected in future employer contribution rates.
- A6.2 Loans: The Council has provided several loans to the private sector and to its subsidiary companies. If a loan defaults or under the "expected loss" model of assessing the fair value of a loan then the loss will be charged to the council's revenue budget in the year the loss is recognised. The value of the Council loans is now significant – including £2.8m to TEDC, £9m to That Group for Torwood Street and £4m to South Devon College with potential further loans to Torvista. At year end the Chief Finance Officer will assess each loan for actual or potential "expected losses" and will make a charge to revenue in year or set aside funds as a "bad debt" provision as required.
- A6.3 Investment Properties: The Council has purchased several investment properties. Risk and reserve management of these is discussed above.

## **A7 General Fund Reserve – Risk Assessment and Sensitivity/Scenario Appraisal**

- A7.1 The Council increased its General Fund Reserves in 2020/21 by £1m to £5.7m which was approx. 5% of the Council's net budget at that time. Despite the prudent and welcome increase, this level of "unallocated financial reserves" is relatively low compared to other unitary councils. As the Council's net 2023/24 budget is £131m this requires a reserve level of £6.6m to ensure a 5% balance.
- A7.2 The CIPFA guidance on reserves does not recommend a minimum level of reserves. It states that:
- "Local Authorities should make their own judgments on such matters taking into account all the relevant local circumstances which will vary between Authorities". CIPFA also state that "a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of reserves".
- A7.3 The 2023/24 budget to be presented in March 2023 to Members will also include an assurance statement from the Chief Finance Officer about the adequacy of the proposed financial reserves, in accordance with the requirements of section 25 of the Local Government Act 2003.

## **A8 Capital Plan**

- A8.1 As noted in the introduction to this report, a risk that has arisen in the past year linked to the impact of the economic conditions and high inflation on the Council's Capital Plan. A combination of higher construction costs, contractor instability and higher borrowing costs will make capital projects harder to be financially viable. This may result in the significant redesign of projects or the pausing or stopping of projects. As a result, if schemes change or are stopped, expenditure incurred as capital may not now have an asset to which these costs are attributable. They would therefore become abortive which would need to be charged to the revenue budget. In February 2023, the Department for Levelling Up, Housing and Communities (DLUHC) allocated an additional £0.274m of funding (for the 2022/23 financial year) and this will be allocated to a new reserve to help mitigate this risk.
- A8.2 The Council's Capital Plan has a contingency of £0.6 million. It should be noted that all capital projects should have contingencies within the individual project costs, which need to be reassessed based on latest projections of cost.

A9 **Comparison with other councils**

A9.1 CIPFA issue a financial resilience index for all councils which aims to provide a high level view of a council's risk profile compared to other councils. The 2021/22 data shows that Torbay, compared to its nearest statistical neighbours, is a higher risk for the level it spends on children's social care and a higher risk due to the level of its external debt, which is linked to the spend on investment properties. Other indicators were at a medium to low risk.

A10 **Governance of Reserves.**

A10.1 Appendix 1 shows the projected balances of the reserves at the end of the current financial year and future years. These balances are based upon planned levels of spending. In the event of any unplanned expenditure occurring in the financial year current Standing Orders and Financial Regulations will apply.

A10.2 The Reserves will continue to be reported as part of the Council's Statement of Accounts and subject to this annual review and challenge as part of the budget process by both members and senior officers. Councillors should consider the Council's General Fund Reserve as part of the annual budget setting process. Any quarterly reporting of issues relevant to earmarked reserves will be on an exception basis.

A10.3 Schools' reserves are part of the delegated schools funding, and these reserves remain at the discretion of the Head Teachers and Governing Bodies.

A11 **Risk assessment of preferred option**

A11.1 **Outline of significant key risks**

A11.2 It is important that the issues raised in this report are considered by Members and appropriate action is taken, where necessary, to ensure that the Council has adequate reserves in the short and medium term. Failure to consider the issues raised within this report and take appropriate action could result in the Council having insufficient reserves that could adversely impact on the revenue budget and the longer-term financial viability of the Council.

A11.3 The major risks facing the Council at present are the uncertainty of the Council's future funding from 2025/26 onwards, the ongoing financial pressures from both children's social care and, in the longer term, adults social care, and the higher needs block cumulative deficit.

A11.4 It is important for the Council to continue to review its risks and rewards in relation to investment properties and its interests in its companies as the level of activity/risk in those companies' changes.

**Appendices**

Appendix 1	Review of Reserves 2023/24
Appendix 2	Summary of Council Reserves

<b>- Reserves</b>	<b>Balance as at at 1/4/22</b>	<b>Balance as at at 1/4/23</b>	<b>Balance as at at 1/4/24</b>	<b>Balance as at at 1/4/25</b>	<b>Balance as at at 1/4/26</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>General Reserves</b>					
General Fund	-5,744	-5,744	-5,744	-5,744	-5,744
	<b>-5,744</b>	<b>-5,744</b>	<b>-5,744</b>	<b>-5,744</b>	<b>-5,744</b>
<b>Earmarked Reserves</b>					
<b>Comprehensive Spending Review</b>					
COVID Reserve	-2,472	0	0	0	0
CSR Reserve	-2,994	-3,491	-3,991	-4,491	-4,991
	<b>-5,467</b>	<b>-3,491</b>	<b>-3,991</b>	<b>-4,491</b>	<b>-4,991</b>
<b>Capital Reserves:</b>					
Capital Funding Reserve	-1,739	-741	-1,219	-1,219	-1,219
Capital Project Reserve	0	-274	-274	-274	-274
Capital Contingency	-703	-703	-703	-703	-703
IT Replacement Reserve	-587	-325	-225	-125	-25
	<b>-3,028</b>	<b>-2,043</b>	<b>-2,421</b>	<b>-2,321</b>	<b>-2,221</b>
<b>School Related Reserves</b>					
Dedicated Schools Grant	0	0	0	0	0
Schools Exit Packages	-115	-115	-86	-64	-48
School Balances	-2,472	-2,112	-1,901	-1,710	-1,539
	<b>-2,587</b>	<b>-2,226</b>	<b>-1,986</b>	<b>-1,775</b>	<b>-1,588</b>
<b>Partner/Ring Fenced Reserves</b>					
Adult Social Care	-3,552	-6,588	-4,574	-2,574	-574
ASC & Health Funding	-10,000	-6,500	-3,250	0	0
Devon Audit Partnership	-25	-25	-25	-25	-25
Harbours Reserves	-483	-725	-620	-300	-300
Public Health Reserve	-2,778	-2,778	-2,628	-2,628	-2,628
Museum Reserve	-25	-25	-25	-25	-25
Swimming Pool Reserve	-42	0	0	0	0
Salix Fund	-257	-208	-252	-296	-340
EU Exit Funding	-214	-155	-140	-140	-140
	<b>-17,376</b>	<b>-17,004</b>	<b>-11,514</b>	<b>-5,989</b>	<b>-4,033</b>
<b>Specific issues</b>					
Adult Care Trust	-1,214	-856	0	0	0
Car Parking	-360	-300	-300	-300	-300
Childrens Services	-1,000	-750	-750	-750	-750
Climate Change	-127	-77	0	0	0
Collection Fund	-10,225	-3,921	-2,826	-2,676	-2,526
Community Engagement	-249	0	0	0	0
Community Infrastructure Levy	-455	-455	-455	-455	-455
Cost of Living Funding	-500	-500	0	0	0
Council Elections	-275	-341	0	-66	-132
Crisis Support Reserve	-716	-316	-216	-116	-16
CRM Reserve	0	-1,000	-500	0	0
Equipment Reserves	-288	-288	-188	-188	-188
Future High Streets Reserve	-123	0	0	0	0
Geopark	-6	0	0	0	0
Green Travel Plan	-106	-106	-106	-106	-106
Highway Reserves	-1,005	-435	-435	-435	-435
Housing Benefit	-475	-475	-475	-475	-475
Housing First					



Insurance Reserves	-3,343	-3,343	-3,343	-3,343	-3,343
Transparency Code	-45	-45	-45	-45	-45
Regeneration Reserve	-331	-181	0	0	0
PFI Sinking Fund	-304	0	0	0	0
Planning Reserve	-264	-192	-192	-192	-192
Regeneration Reserve	-389	-400	-400	-400	-400
Retail Reserve (Fleet Walk)	-544	-610	-525	-690	-855
Section 106	-7	-7	-7	-7	-7
Service Carry Forwards	-4,582	-1,724	-704	-704	-704
Thinking Places	-33	0	0	0	0
Tourism	-12	0	0	0	0
Town Deal Reserve	-129	0	0	0	0
Transformation Reserve	-178	-178	-178	-178	-178
Union Square	0	-100	-100	-100	-100
Waste Strategy	-248	-98	-98	-98	-98
	<b>-27,614</b>	<b>-16,699</b>	<b>-11,844</b>	<b>-11,325</b>	<b>-11,306</b>
<b>Investment Fund</b>					
Investment Fund	-2,182	-2,765	-3,641	-3,466	-4,792
	<b>-2,182</b>	<b>-2,765</b>	<b>-3,641</b>	<b>-3,466</b>	<b>-4,792</b>
<b>Grants - received not spent</b>					
Grants - received not yet spent	-8,833	-3,816	-1,684	-333	-333
	<b>-8,833</b>	<b>-3,816</b>	<b>-1,684</b>	<b>-333</b>	<b>-333</b>
<b>Total Earmarked Reserves</b>	<b>-67,088</b>	<b>-48,044</b>	<b>-37,081</b>	<b>-29,700</b>	<b>-29,264</b>
<b>TOTAL RESERVES</b>	<b>-72,832</b>	<b>-53,789</b>	<b>-42,825</b>	<b>-35,444</b>	<b>-35,008</b>

## Appendix 2

<b><u>Name of Reserve</u></b>	<b><u>Description of Reserve</u></b>	<b><u>Responsible Officer</u></b>
Adult Social Care	Reserve for any adult social care funding to be used to support adult social care	Director of Adult and Community Services
Capital Funding	To reserve funding for items in the approved Capital Plan Budget.	Chief Finance Officer
Carry Forwards	Balance of any Service specific Carry Forward of budget	Chief Finance Officer
Childrens Services Reserve	To fund any variations in the cost of placements for looked after children.	Director of Children's Services
Collection Fund Reserve	Reserve to smooth the volatility of NNDR and Council Tax income including appeals, s31 grant and the performance of the Devon wide NNDR pool. Also includes funding for the impact of the three-year spread of the cost of the 2020/21 collection fund deficit	Chief Finance Officer
Comprehensive Spending Review Reserve	To fund costs associated with meeting future budget reductions	Chief Finance Officer
Crisis Support Fund	Reserve to support the costs of social fund and exceptional hardship	Divisional Director Community Services
Dedicated Schools Grant	Reserve to reflect the position on the ring-fenced dedicated school grant – currently a negative balance reclassified as an “unusual reserve” under a statutory override.	Director of Children's Services
Equipment Fund	To facilitate renewal of equipment within services where the replacement is at irregular periods.	Various
Geo Park Conference	To support costs of Geo Park activities	Director of Pride of Place
Grants recognised but not used	Reflects the value of revenue grants (without conditions) received by 31 <sup>st</sup> March but not yet used to support expenditure. This includes Covid-19 Grants	Chief Finance Officer
Harbours	Torquay, Paignton and Brixham Harbours – To finance Harbour expenditure schemes for the purpose of Harbour Users.	Director of Pride of Place
Highways Reserves	Reserve holding funds received under Highways Acts and other legislation where the Council holds funds to do works.	Director of Pride of Place

Housing Benefit Subsidy	Reserve to mitigate variations to the Council's housing benefit subsidy	Divisional Director Community Services
Insurance Reserve	To set aside amounts to cover the future cost of past uninsured events which result in a loss to the Council. This reserve covers potential future liabilities arising from the Council's previous insurers Municipal Mutual Insurance Ltd not having sufficient solvency, to meet pre 1998 claims from Devon County Council, amounts for specific uninsured risks and a general reserve to meet as yet unknown insurance claims	Chief Finance Officer
IT Equipment Reserve	To provide funds for priority driven replacements of IT equipment.  Reserve to fund costs of the purchase of a replacement case management system for childrens' social care	Director of Corporate Services
Investment Fund Reserve	Reserve to mitigate any short-term variations in income or costs associated with Investment Fund properties such as void and rent-free periods	Director of Pride of Place
Misc. Specific Reserves	Includes: Council Elections, Devon Audit Partnership, Green Travel Plan. Museums and Salix (energy initiatives).	Various
PFI Sinking Fund	To provide funds to meet the liabilities under the PFI agreement over 25 years (The Spires and Homelands Schools) and to provide funding towards Paignton Community College expansion project.	Director of Children's Services
Planning Reserve	To provide for costs of Local Plan Inquiry held every 4/5 years and Masterplan delivery.	Director of Pride of Place
Public Health	Reflects carry forward of ring-fenced funds for Public Health	Director of Public Health
Regeneration Reserve	A reserve to support economic regeneration and employment initiatives	Director of Pride of Place
School Balances	Reflects the carry forward by schools of their delegated school budget share.	Divisional Director Education, Learning and Skills
School Redundancy Reserve	Reserve to support the costs of redundancies for schools-based staff	Divisional Director Education, Learning and Skills
Swimming Pool Reserve	Reserve established as part of 2018/19 budget proposals to support unplanned expenditure or income variances for community run internal swimming pools.	Director of Pride of Place

Transformation Reserve	Reserve to support expenditure on projects associated with the Council's transformation programme.	Chief Executive
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**Meeting:** Cabinet

**Date:** 23 February 2023

Council

**Date:** 7 March 2023

**Wards affected:** All

**Report Title:** Capital Strategy

**When does the decision need to be implemented?** Immediately

**Cabinet Member Contact Details:** Darren Cowell, Cabinet Lead for Finance,

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**Director Contact Details:** Martin Phillips, Director of Finance,

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## 1. Purpose of Report

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- 1.1 The Council has a statutory responsibility to comply with the CIPFA Prudential Code (revised December 2021) which is the “proper practice” document linked to the Local Government Act 2003. Part of this compliance is for the Council to approve a Capital Strategy.
- 1.2 The Prudential Code places more emphasis on the risks associated with Council capital activities, in particular the higher risks associated with more commercial activities and requires the Chief Finance officer to “report explicitly on the affordability and risks associated with the capital strategy”.
- 1.3 In accordance with the Council’s Constitution, the Capital Strategy is required to be approved on an annual basis.

## 2. Reason for Proposal and its benefits

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- 2.1 The Council has a requirement to approve a Capital Strategy each year.
- 2.2 The Capital Strategy is an overarching document. There are clear links to other documents such as:
  - Treasury Management Strategy – the operational plan for management of treasury activities including borrowing,
  - Asset Management Plan – the operational plan for management of assets,

- Capital Plan and quarterly Budget Monitoring – the key documents for the financial reporting on the capital plan, both its expenditure and funding.

### 3. Recommendation(s) / Proposed Decision

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- 3.1 That the Capital Strategy 2023/24 be approved.

## Appendices

Appendix 1: Capital Strategy 2023/24

# Capital Strategy and Capital Receipts Strategy

January 2023



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# 1. Introduction

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The Council has a range of capital resources at its disposal, which it uses to deliver services and to achieve its strategic objectives. These resources will include land and buildings, such as offices, schools, parks and open spaces, leisure centres and much more.

The Council's ability to maintain these assets to ensure and to enhance their role in the delivery of services is crucial to its financial resilience. If assets fall into disrepair, they are no longer able to fulfil their primary purpose, then the Council's ability to deliver the associated services is impaired and it has resources tied up in assets that it cannot use.

The Capital Strategy provides a high-level overview of how capital expenditure, capital financing, investments, liabilities and treasury management activity contribute to the provision of services, together with an overview of how associated risk is managed and the implications for future financial sustainability.

Consequently, planning and managing the use of the Council's capital resources is vital. This includes understanding the role that these assets play in the delivery of services and ensuring that the authority's asset base remains fit for purpose.

The Strategic Asset Management Plan and the Transport Asset Management Plan provides information on the sustainability of these assets and the efficient use of the asset portfolio to provide value for money. These Plans are available on the Council's website.

When incurring capital expenditure there is an element of risk that needs to be managed by the Council. This risk could be:

- whether an asset will deliver outcomes projected,
- the accuracy of the estimates of running costs and income at the time of acquisition, and
- whether it is prudent to borrow for this expenditure.

Like other authorities, the Council previously purchased property to provide multiple benefits, including an investment return. This investment return has provided an income stream to the revenue budget and helped to offset some of the budget pressures arising from increased demand and reduced funding from central government. The Council, whilst no longer acquiring such assets, manages existing assets which will have different characteristics and risks.

During the past two years HM Treasury have taken actions to prohibit the purchase of investment assets bought primarily for yield. Torbay Council removed any further such purchases ('debt for yield') from its capital plans.

In May 2022, the HM Treasury PWLB Borrowing guidance was further updated. The updated guidance reinforced central government's expectation that councils do not engage in more commercial activity such as the purchase of investment property and avoid activity that "is primarily for yield". The guidance also included a list of "permissible categories of local authority capital expenditure - (service delivery, housing, regeneration, preventative action, and treasury management)". The Council will have to submit information to treasury on an annual basis to

demonstrate compliance with the new guidance. The guidance further defines “regeneration” with a list of characteristics of what HM Treasury would regard as a permissible regeneration project. In summary the council can only do regeneration projects to address market failure, act only when the private sector cannot deliver, and the council is making a change to the asset by significant investment or significant change. Compliance with the guidance will apply to where the council finances capital projects, including actions undertaken by its subsidiary companies.

All new capital projects decisions will need to include an assessment and justification of the classification of the project under the new borrowing rules to ensure compliance. This will need to be agreed by the s151 officer, as they have to provide the assurances to HM Treasury.

These regulations apply to all types of borrowing not just PWLB.

Link to May 2022 guidance:

[PWLB guidance for applicants \(updated\) V1.docx \(dmo.gov.uk\)](#)

## Economic Conditions

During 2022/23 the council’s capital plan experienced significant increase in costs due to instability in the contractor market and a 2% rise in borrowing costs to 4.5%. This impact is likely to continue over the next few years.

These changes are impacting negatively on the financial viability of capital projects including those due to have been funded by grants where the grants have not increased to meet the increased costs.

Where a capital a project is considered necessary to proceed (say to secure grant or complete a started project) Council can allocate additional borrowing to that project, however the impact of the additional borrowing costs will need to be assessed and funded in future year budgets.

**These additional costs do not alter the capital strategy but it does focus attention that compliance with both the capital strategy and the Prudential Code is even more important to ensure “that capital expenditure and investment decisions are affordable, prudent and sustainable.”**

## Regulation

Authorities are required by regulation to have regard to the **Prudential Code for Capital Finance in Local Authorities (2021)** when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. **The key message from the Code is, in relation to capital expenditure, the consideration of Prudence, Affordability and Sustainability.**

CIPFA’s Prudential Code provides a framework for the self-regulation of the authority’s capital financing arrangements. It requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital and revenue planning.

A Capital Strategy is part of the Prudential Code requirements and sets out the long-term context in which capital expenditure and investment decisions are made and that gives due consideration

to both risk and reward and to the impact of the strategy on the achievement of the authority's priority outcomes.

The Financial Management Code of Practice has been issued by CIPFA 'to provide guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively'. The Financial Management Code applies to all local authorities and brings together statutory requirements and Codes of Practice into one document.

The Capital Strategy will need to reflect the standards outlined in the **CIPFA Financial Management Code of Practice**.

## Objectives of the Capital Strategy

The Capital Strategy is one of the Council's key documents in providing a medium/long term plan. It will be consistent with the plans and strategies shown below. This Strategy should be considered with the following plans to provide a fully integrated transparent Plan for the Council:

- Strategic Asset Management Plan
- Transport Asset Management Plan
- Medium Term Resource Plan
- Capital Plan
- Revenue Budget
- Treasury Management Strategy
- Regeneration Fund Strategy

The Capital Strategy is therefore the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 4-year Capital Plan. In addition, as part of the Strategy, the Director of Finance reports explicitly on the affordability and risk associated with the capital strategy.

Inevitably the full picture of the control system around the Council's wide range of capital expenditure and its funding is reflected in a range of documents, monitoring and management arrangements. A summary of four key aspects of capital activities is shown in the table on the next page.

Capital Expenditure	Debt and Borrowing Treasury Management (TM)	Other Long-Term Liabilities (e.g., PFI schemes)	Knowledge, Skills and competence
<ul style="list-style-type: none"> <li>▪ strategic service plans + asset management plans + capital strategy</li> <li>▪ pipeline process</li> <li>▪ capitalisation rules</li> <li>▪ long-term forecasts</li> <li>▪ basis of estimating future costs and sensitivity to risk</li> <li>▪ sustainability of the asset base</li> </ul>	<ul style="list-style-type: none"> <li>▪ projections of external debt and internal borrowing</li> <li>▪ how debt will be repaid</li> <li>▪ authorised limit and operational boundary</li> <li>▪ how TM decisions are made and how they are scrutinised</li> </ul>	<ul style="list-style-type: none"> <li>▪ identification and approval</li> <li>▪ on-going monitoring</li> <li>▪ creation of liabilities on the balance sheet</li> </ul>	<ul style="list-style-type: none"> <li>▪ knowledge and skills available</li> <li>▪ professional competence in specialist areas</li> <li>▪ use of advisers</li> <li>▪ training plans</li> </ul>
<p>Capital Strategy</p> <p>Asset Management Plan</p> <p>Transport Asset Management Plan</p> <p>Council Reports</p>	<p>Treasury Management Strategy</p> <p>TM Mid-Year Review</p> <p>TM Outturn Report</p> <p>Revenue Budget</p> <p>Medium Term Resource Plan</p>	<p>Treasury Management Strategy</p> <p>Statement of Accounts</p>	<p>Treasury Management Strategy</p> <p>Regeneration Fund Strategy</p>
<p>Council</p> <p>Cabinet</p> <p>Capital &amp; Growth Board</p>	<p>Audit Committee</p> <p>Council</p>	<p>Audit Committee</p> <p>Council</p>	<p>Audit Committee</p> <p>Cabinet</p>

Capital investment is defined as: **Expenditure on the acquisition, creation, or enhancement of ‘non-current assets’ i.e., items of land, property and plant which have a useful life of more than 1 year.** A fuller definition is attached at Appendix 1. Expenditure outside this definition will therefore be revenue expenditure.

Most non-current assets are properties that are used in service delivery. The Council’s land, buildings and infrastructure asset base has a Balance Sheet value as at the 31st March 2022 of approx. £600 million (£577m as at 31/03/21), of which £211 million (£203m as at 31/03/21) are Investment Properties. The outstanding borrowing as at 31/12/22 was £389m (£392m 20/21) with £16m (£17m 20/21) of long-term liabilities in relation to PFI schemes.

The Capital Strategy is presented to Council as a Policy Framework document, and links with both the Treasury Management Strategy, Medium Term Resource Plan and the Corporate Asset Management Plan which is the key **operational** asset plan covering repairs and maintenance.

In considering the principles, the Council needs a balance between guidance and prescription to allow a flexible approach to be taken but reflective of times of uncertainty. This Strategy focuses on the key policies for the allocation of capital resources to schemes in line with Council priorities and statutory responsibilities.

The management of the Capital Plan is also supported by the Council’s approved Financial Regulations.

## 2. Guiding Principles

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### Approach to Borrowing

The Council is able to borrow money on the money market or from the Public Works Loans Board (PWLB) to fund capital schemes or, on a short-term basis, use its own internal resources (i.e., cash flow). However, for all capital schemes initially funded from borrowing, the Council will have to fund the principal repayment and interest costs, these ongoing borrowing costs are unavoidable.

The Council is only able to borrow under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable. All schemes funded from prudential borrowing are approved by full Council, although in some cases approval of individual schemes within an overall allocation by Council have an alternative approval process (such as by Cabinet).

The Prudential Code requires authorities to ensure that decisions for capital expenditure plans are made with sufficient regard to the long run financing implications and potential risks to the authority and include effective due diligence.

Based on the Council's latest Capital Plan update (Quarter 2 2022/23) there is potential need to take an additional £208m of borrowing by the end of 2025/26 (before MRP reducing impact) to support capital projects, potentially increasing the Council's overall external borrowing by the end of 2025/26 (excluding PFI) to £597m. This however includes £109m of borrowing relating to regeneration and housing schemes that have yet to be identified and/or approved.

Based on current economic forecasts a borrowing cost should be assumed for new borrowing in 2023/24 of 4.5%

The Council takes a relatively prudent approach to new borrowing, paying particular regard to the robustness of the business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral), however, the Council has approved a significant number of projects that are more commercial in nature.

Following the changes to PWLB the Council will no longer be acquiring commercial properties using 'debt for yield' however the risks around income on the properties previously purchased and the ongoing cost of the borrowing will still need to be managed. All new proposals for a self-funding or invest to save scheme supported by borrowing must have a robust business case that is presented to senior members and officers prior to approval by Council.

The Council will comply with the PWLB H M Treasury guidance around the use of borrowing – which are now over four categories, each with a definition of the type of capital projects that can be borrowed for – service delivery, housing, regeneration and re financing. These rules will apply to all forms of borrowing not just PWLB.

Each business case, as appropriate, must clearly identify and consider the ongoing revenue implications of:

- fixed interest and principal repayment costs
- associated income stream and sensitivity
- volatility of the income stream
- the contribution to the general fund or breakeven point
- the sensitivity of that contribution
- achieving the target return linked to the purpose of the spend
- ensuring asset value exceeds outstanding debt
- demonstrating value for money
- Project sustainability
- Exit strategy and costs

All of the above need to be considered for the whole life of the asset.

Each business case must clearly identify and consider the ongoing balance sheet implications of:

- the change in the level of Council debt
- address how changes in asset value will be funded i.e., capital appreciation and impairment and the total of assets funded by borrowing
- Maintenance of asset to ensure sustainable use

To ensure all members are fully informed of the risks and rewards associated with borrowing, reporting will include:

- Total debt of the Council
- The underlying assets funded by that debt
- Affordability - Ongoing revenue costs of principal and interest
- Income Streams associated with that asset
- Implications of changes in asset values or income streams

To support its revenue budget the Council will continue to evaluate any capital investment projects either acting alone or with partners that will produce an ongoing revenue income stream for the Council as part of service delivery or reduces on-going revenue requirements.

There may be the need for borrowing that has no identifiable future revenue stream, for example, to repair or construct infrastructure assets. Here a broader view can be taken of the value of repairing the asset to the overall economy of the Bay. In 2022/23 additional borrowing was approved for four schemes where, due to the impact of the economic conditions, the costs of the scheme had increased over the originally forecast income. The cost of such borrowing falls on the revenue budget through payments of debt interest on the Council's revenue account and repayment of debt over a specified period. There may still be a need for such borrowing, but each proposal should be reviewed on a case-by-case basis with the project evaluation clearly stating how the borrowing is to be afforded. Given the ongoing financial challenges facing this Council over the next few years it is likely that such schemes will be an "exception".



The Council's Treasury Management Strategy provides further information on the Council's borrowing strategy for the coming financial year:

[www.torbay.gov.uk/council/policies/finance-policies/treasury-management/](http://www.torbay.gov.uk/council/policies/finance-policies/treasury-management/)

## Long Term Capital Liabilities

The Council can also finance capital expenditure by means of a long term PFI contract, whereby a private sector company will build and then supply an asset (usually with services as well) back to the Council for a specified number of years. At the end of the contract the asset transfers to the ownership of the council. The value of the asset and the associated liability over the life of the contract to fund that asset is reflected on the Council's balance sheet. As with borrowing, any Council decisions on agreeing contracts that result in long-term liabilities are made with sufficient regard to the long run financing implications and potential risks to the authority and include effective due diligence.

Council's may also lease in assets for service delivery rather than purchase. Depending on the lease terms, including the length of lease, these assets, and the associated liability over the life of the lease to fund that asset is reflected on the Council's balance sheet. Changes in International Financial Accounting Standards (IFRS16) in relation to lease recognition have, again, been delayed until 2024/25 (with a restated comparative year of 2023/24) and may result in more leased in assets and liabilities being reflected on the Council's balance sheet.

## Grant Allocations

The Council receives capital grant funding from government and can bid for grant funding direct to government departments or from other grant awarding bodies. The funding from central government tends to be un-ring fenced and without conditions, however this funding is at a significantly lower level than in the last decade.

Any un-ring-fenced capital grants received will be reported to Council. The presumption is that the grants will be allocated in line with the service intentions of the identified government body awarding the grant, however Council has the option to reallocate. Once capital grants have been allocated to a specific service, individual schemes within that allocation are subject to each individual scheme being approved by the relevant Director in consultation with the relevant Cabinet member and Director of Finance.

The Council continues to bid for additional external grant funding for schemes which support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable, and requirements for match-funding and future revenue consequences have been considered and approved. All bids are to be agreed with the Director of Finance prior to submission. Where external grants are used the grant conditions of linking to the capital grant and future use of the asset need to be adhered to.

In October 2019 Cabinet strengthened the governance around capital bids and acceptance of capital funding by resolving:

- (i) that Council Directors ensure that all bids submitted for their portfolio are checked by them for accuracy;
- (ii) that significant decisions made by Officers should have formal Record of Decisions, irrespective of whether or not the legal test for their preparation is met;
- (iii) that meetings, such as ones where the Leader and Group Leaders were consulted, should be minuted in the future;
- (iv) that all future bids for Government money must be made and submitted in accordance with the Constitution; and
- (v) that Officers ensure that the submission of all future bids is in accordance with Council Policies.

## Capital Receipts and Capital Contributions

The Council receives capital receipts and capital contributions from:

- Asset Disposals
- Right to Buy Clawback
- Section 106 agreements and Community Infrastructure Levy (CIL)
- Repayment of loans for a capital purpose

### Asset Disposals

The policy is to pool all receipts from the sale of all assets sold to support the Capital Plan in line with funding the Council's priorities which will include the potential sale of any investment properties. The current Capital Plan has a capital receipts target to support previously incurred expenditure that has not yet been met. All capital receipts received should be allocated to support this target and not allocated to new schemes, subject to any potential use of capital receipts under the Capital Receipts Strategy and any loan repayment. An asset disposal will be deemed to occur when the Council transfers the freehold or a long lease (usually for leases over 40 years where the lease term is the significant compared to the asset life).

The Council will consider exceptions to this policy where rationalisation of assets used for service delivery is undertaken and in respect of school sites where the Secretary of State has approved the disposal – such exceptions will require Council decision.

The Council will aim to maximise its capital receipts, where possible, by enhancing the land prior to disposal, e.g., by obtaining planning permission or providing a development plan. As appropriate the Council may dispose of assets by tender or by public auction.

### Asset Disposals at nil consideration or below market value

In considering asset disposals, the Council will comply with its Asset Management Framework and the need to consider the policy on Community Asset Transfers where the Council will consider, on a case-by-case basis, the potential transfer of assets to an alternative provider after a full

assessment of the long term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Council's aims and objectives.

The Localism Act 2011 introduced the "Community Right to Bid" and placed a duty upon local authorities in England to maintain a list of assets of community value. Once an asset is "Listed" any disposal will be under the Community Asset Transfer policy or for market value by tender/auction.

Where the Council proposes to dispose of, or grant a long lease, at nil consideration or at a value below market value this is required to be approved by Cabinet. This will also apply where the disposal is for a community or service benefit.

### **Right-to-Buy Clawback**

100% of these receipts are currently used to support the provision of the approved Housing Strategy, although this policy could be reviewed to provide additional resources for projects in other service areas.

### **Section 106 contributions and Community Infrastructure Levy (CIL)**

Section 106 monies come from developer contributions through the planning system. Unless there are service specific conditions on the use of the S106, the monies should be used to support existing Council priorities and commitments rather than be allocated to new schemes. Any S106 monies received without a service or scheme specific allocation within the planning agreement will be allocated in line with Council's capital scheme priorities.

Any monies received for infrastructure from the Community Infrastructure Levy will not be allocated to a specific service but will be allocated under the CIL arrangements ("the Regulation 123 List") in line with Council's capital scheme priorities including any specific funding requirements such as the South Devon Highway with the allocation of the "neighbourhood proportion" made after the funds have been received.

The current policy is to pool all capital contributions to support the Capital Plan in line with funding the Council's priorities. The current Capital Plan has a capital contributions target to support the approved Plan that has not yet been met. All capital contributions received should, where possible, be allocated to support this target and not allocated to new schemes.

### **Repayment of loans for a capital purpose**

Where the Council provides a loan for a capital purpose this will be approved by full Council and accounted for as capital expenditure. The repayment of a loan by the borrower will be treated as a capital receipt; however any receipts of this nature will be specifically applied to reduce the value of the Council's outstanding loan.

### **Capital Receipts Strategy**

The Department of Levelling Up, Housing and Communities (DLUHC) have continued to revise their statutory guidance in relation to the Local Government Act 2003 on the use of capital receipts for the period to March 2025. This provides Councils with the flexibility to use capital receipts for

“the revenue costs of service reform”. This flexibility is subject to a Strategy for the use of capital receipts being approved by full Council and for the Council to submit “planned use of the flexibility” to DLUHC in advance of the financial year. By approving this document Council will be approving this flexibility to be used as appropriate with any use reported to Council as an amendment to the Council’s capital plan.

Potential uses for capital receipts, (subject to the capital receipts being received and Council approval of changes to capital plan), would be to support any implementation costs for the Council’s transformation programme. DLUHC within their statutory guidance have included a number of examples of the type of expenditure that would meet the definition of “revenue costs of service reform”.

The Council has not used this flexibility to date and there is no plan for its use in the 2023/24 revenue budget due to the lack of anticipated capital receipts.

## Revenue and Reserves

The Council can use revenue funding and reserves for capital schemes. The Council’s policy is generally not to budget to use revenue or reserve funds to directly fund capital projects after the feasibility stage.

Once a revenue contribution has been applied to a capital project it cannot be returned to revenue. However, the Council would be able, subject to the approval of the Director of Finance, to use prudential borrowing to replace any revenue or reserve funding used or proposed to be used. This will result in a one-off return of revenue funding to the Council’s revenue budget offset by higher Minimum Revenue Provision (MRP) and interest costs to fund the prudential borrowing costs in future years.

## Prioritisation and Approval

It is always difficult to make choices between competing priorities within a top tier Council that delivers so many varied services. It is the responsibility of senior officers to recommend to Member the prioritisation of competing demands for capital resources in the context of the limited central government funding now awarded.

The Council maintains and reports on a rolling four-year capital plan (including its funding) that is updated and reported to Senior Leadership Team and Members on a quarterly basis. The capital plan will include any capital expenditure approvals by Council in the previous quarter.

The key stages in the Council’s prioritisation and approval process are as follows:

1. A service can submit a capital business case for initial consideration to the Director of Finance and the (officer) Capital and Growth Board at any stage of a financial year. The capital business case will be linked to that service’s needs.
2. For a specific scheme to be approved/funded there will be a requirement for a detailed capital business case. The capital business cases are to be initially submitted to both

the Director of Finance and the officer Capital and Growth Board prior to wider consultation with the Council's senior leadership team and the Cabinet.

If a scheme is to be funded from (previously approved by Council) allocations the scheme will be approved in accordance with the stated approval process, or, if the approval process is not stated, by the relevant Director in consultation with the relevant Cabinet Lead and Director of Finance and progressed when funding confirmed or,

If new (confirmed) funding is to be used for a scheme to be funded by, say, a specific grant and if the scheme is supported by the Chief Executive, in consultation with the Cabinet Lead for Finance and Director of Finance, it will be reported to Council.

If funding has been allocated by Council to a service without individual schemes being identified at the time of approval, (such as a general allocation to schools for "basic need" projects), individual schemes within that allocation are subject to each individual scheme being approved by the relevant Director.

3. Proposals for invest to save or self-financing schemes, (usually financed from prudential borrowing), will also require a detailed capital business case. The capital business case is to be initially submitted to the Director of Finance and the officer Capital and Growth Board. If the scheme is supported, it will be recommended to Council for approval.
4. Any recommendations for schemes to be approved by Council will be included in the next quarterly Capital Plan Update Report.
5. Other schemes that do not require financial support but include the use of Council assets as a Council contribution to a scheme will also be subject to the Council's approval process.
6. Where there is a proposal to transfer capital resources from a previously approved scheme to a new scheme and there is a change of "policy", the new scheme will be approved by Council.
7. Where a specific approval process has been set up and approved by Council e.g., Cabinet for Regeneration Fund purchases or Director of Finance for Housing Company loans that process will apply.

## Affordability and Sustainability of Proposals

The Prudential Code also requires that, in making its capital investment decisions, the Council should have explicit regard to option appraisal and risk, asset management planning, strategic planning for the authority and achievability of the forward plan.

The Capital Business Case will identify the projected running costs and financing costs of the relevant asset and assessed the affordability of the proposals both for the initial investment and over the life of the asset. In all cases the capital expenditure and any ongoing costs must be sustainable in relation to the Council's medium term financial plans.

These to include consideration of:

- service objectives, e.g., strategic planning for the authority;
- stewardship of assets, e.g., asset management planning;
- value for money, e.g., option appraisal;
- prudence and sustainability, e.g., risk, implications for debt and whole life costing;
- affordability, e.g., implications for council tax/district rates; and
- practicality, e.g., achievability of the forward plan.

Where an asset is directly linked to generating an income or rental stream for service delivery, the initial Capital Business case (or Council report) will need to consider the future risks to those revenue returns and how these will be mitigated. This may result in the creation of an earmarked reserve for both income volatility and future asset related expenditure.

## Management and Monitoring of Capital Plan

The key objective of the Council's management and monitoring of the Capital Plan is to ensure that all Members and the Council's senior leadership team, have visibility of the capital plan and the approval of individual capital projects to encourage collective responsibility for the capital expenditure on a project and the success of the schemes themselves.

The Council's senior leadership team should ensure that progress against the programme – in terms of expenditure and timescales – is in line with what has previously been agreed. Where projects are exhibiting cost overruns or delays in the completion schedule, these should be addressed promptly.

Arrangements to include:

1. Overview and Scrutiny Board and Cabinet will receive 3 quarterly monitoring reports and one outturn report each year.
2. A Capital budget for forthcoming year will be part of each financial year's budget proposals
3. The (officer) Capital and Growth Board now reviews the Council's Capital Plan and the governance arrangements associated with its various projects
4. Senior Leadership Team and the Cabinet to have responsibility for the oversight and challenge on the delivery of the capital plan including slippage and outcomes.
5. Capital business cases are to be initially submitted to both the Director of Finance and the (officer) Capital and Growth Board prior to wider consultation with the Council's senior leadership team and the Cabinet.

## Alternative Funding and Delivery Opportunities

The Council, as appropriate, will continue to consider other methods of supporting capital expenditure within the Bay, using alternative funding, such as social investment, private sector finance and third sector funding or by other bodies delivering capital schemes instead of the

Council. The Council can use its assets to support schemes or aim to maximise funding from any source possible.

The Council continues to bid for additional external funding and/or work with other bodies to secure capital investment or consider use of its own assets in a development, which support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable, and requirements for match-funding and future revenue consequences have been considered and approved along with an assessment of the opportunity costs of alternative options. All schemes are to be agreed with the Director of Finance prior to submission and/or contractual commitment.

## Non-Treasury Investments

Linked to its approach to borrowing and the Council's Investment and Regeneration Fund Strategy the Council has previously considered, where opportunities arose and there was a "multiple benefit", the purchase of land and property as an investment to generate an ongoing income. CIPFA has classified investment properties as a Non-Treasury Investment for reporting purposes and included in the Treasury Management Code of Practice.

The Council will comply with the DLUHC statutory guidance and any sector led commentary and opinions associated with this activity. Consequently, all the Council's Investment Fund purchases have now ceased following the Government's decision to disallow all PWLB borrowing for authorities with any further plans for such investments.

The original investment Fund was £235m which comprised of loans and commercial property. Over time the value of these assets will change which will be reported in the Treasury Management Mid-Year Report and Outturn Report.

The Council's Treasury Management Strategy Statement also includes references to the monitoring and reporting of the Council's Non-Treasury Investments (NTI). The Strategy is available on the Council's website at:

[www.torbay.gov.uk/council/policies/finance-policies/treasury-management/](http://www.torbay.gov.uk/council/policies/finance-policies/treasury-management/)

## Proportionality of Non-Treasury Investments

Throughout this Strategy the impact of Non-Treasury Investments has been considered but, in this section, specific indicators are provided in relation to proportionality. As shown in Section 3, there are two main aspects to the proportion of investment property held:

### Income

To monitor the reliance of the revenue budget on income generated from these investments an indicator should be set based on the ratio of commercial income to net service expenditure.

It is considered that the revenue account could reasonably absorb in year unexpected shortfalls at this level:

- as any known potential rental shortfalls have been built into the revenue budget

- considering the diversification within the Council’s portfolio it is unlikely all properties would be affected at the same time
- a reserve is held for rental “events” such as void period or rent-free periods.

It should be noted that if an investment property is sold the funds received will be a capital receipt and cannot be taken to the revenue account e.g., to offset the loss of an income stream.

### **Financing Costs- affordability**

Ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream For Torbay investment income includes income from investment fund properties and the effect of this is also shown.

### **The Prudential Code (2021)**

In relation to non-treasury investments the updated 2021 Code is clear in its expectations:

“an authority must not borrow to invest primarily for financial return”

“it is not prudent for councils to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing unless directly and primarily related to the functions of the council and where any financial returns are either related to the financial viability of the project ...or otherwise incidental to the primary purpose”.

“councils with existing commercial investments are not required by this Code to sell these investments.....however councils that have an expected need to borrow should review options for exiting their financial investments for commercial purposes and summarise the review in their annual treasury management strategy. These reviews should evaluate whether to take expected borrowing needs by taking new borrowing or repaying investments based on a financial appraisal that takes into account of financial implications and risk reduction benefits”

The Council’s investment properties are diversified over a number of sectors and are budgeted in 2023/24 to produce a net surplus, after borrowing costs and reserve provision, of £4.1m. If any of these assets are sold, the council will have to

- fund the revenue shortfall resulting from no rent now being received.
- apply the capital receipt from the asset sale to another project to either avoid borrowing costs on that project or to reinvest in a project that generates an income stream to replace the revenue shortfall, subject to the new project not being primarily for yield.
- Or apply the capital receipt to repay borrowing subject to any early repayment penalties.
- apply the existing ongoing borrowing costs of the asset now sold to another project, where the income from the new project will be able to cover the borrowing costs
- all the above will need to be in pace ideally from date of sale to avoid any ongoing cost of carry of both the old debt and ongoing revenue shortfall.



## Asset Disposal Strategy

Purchases of assets are primarily to be retained in the long term. However, the benefit of selling the assets will be regularly reviewed by Director of Pride of Place for potential disposal at which point any outstanding debt will be repaid. The review will need to consider the resulting impact on the Council's revenue budget and any impact of operational delivery from the lost income stream and any costs of disposal. A review of options in relation to the disposal of investment properties was included in the 2023/24 Treasury Management Strategy.

## Loans for Capital Purposes

Loans for a capital purpose can also be approved by full Council subject to a business case and due diligence on the borrower including as appropriate guarantees and bonds to secure the repayment of the loan. The loan value should not exceed the value of the underlying asset and there should be no third parties legal charge on the asset. Interest will be charged on the loan at a market rate. This will ensure compliance with Subsidy Control regulations.

With the new PWLB guidance its ability to issue capital loans will be extremely limited, unless to its own subsidiary companies.

## Capital expenditure and assets held by wholly owned subsidiary companies

The Council has overall control of these entities and therefore is ultimately responsible for the companies' assets and liabilities. The controls of any subsidiary's activities are controlled by the Council through 'reserved matters' listed within the memorandum and articles of association of the company. These 'reserved matters' cover capital expenditure and the making of any borrowing. The assets and liabilities of all council companies would be consolidated into the Council's group accounts.

As these capital assets and liabilities are part of the council's overall financial position the Council will report on the total group assets and liabilities and the associated risk and reward. The risk associated with capital expenditure and borrowing by these companies is expected to significantly rise from both SWISCo and the TDA Group of companies including the expected significant expansion of borrowing for capital expenditure on housing by TorVista.

## Training and Skills

The Council needs to ensure that all decisions in relation to capital are properly informed.

In relation to skills the Director of Finance, Monitoring Officer and Director of Pride of Place will ensure that the appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required.

The Council's knowledge and skills will be complemented by the use of advisers and agents as required.

## Treasury Management Links

All capital decisions to be funded by prudential borrowing will directly impact on the Council's Treasury Management activities. The level and timing of the capital expenditure will be reflected in the capital plan once approved and in the strategic cash flow forecasts to plan for the required borrowing. The resulting costs (Interest and MRP, at an average cost of 7% of capital cost) and any income to fund those costs will be included in the standard budget monitoring and budget setting process.

Total borrowing will also be monitored by the annual setting of both the Operational and Authorised Limits (for borrowing).

## Balance Sheet Issues

The impact of capital projects and any prudential borrowing used have an impact on the Council's balance sheet.

1. Increase in the value of the Council's non-current assets
2. Increase in the value of Council's long-term debtors (if capital loan provided)
3. Increase in the Council's long-term borrowing
4. Maturity profile of borrowing and repayment of borrowing
5. Profile of capital loan repayments
6. Increase/decrease in Capital Financing Requirement (CFR) - borrowing offset by MRP.
7. Annual depreciation on operational assets
8. Annual revaluation or impairment on operational assets
9. Annual valuations of investment properties
10. Impact on Council's cash flow in delivery stage or on purchase
11. Impact on Council's cash flow at time of borrowing

The value of non-current assets should always aim to exceed the value of the outstanding liabilities. In addition, the value of the outstanding liabilities should not exceed, in the medium term, the Capital Financing Requirement (which is the measure of a Council's underlying need to borrow).

### 3. Director of Finance: Statement on Delivery, Affordability and Risk of Capital Strategy

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#### Background

The current guidance for a council's level of borrowing is the Prudential Code (December 2021) and as "proper practice" it must be adhered to. The following extracts from the Code summarise the Code's approach to level of borrowing (self-regulating) and the governance that should apply.

"the local authority shall ensure that all its capital and investment plans are affordable, prudent and sustainable." "A local authority shall determine and keep under review how much money it can afford to borrow."

"the level of capital investment that can be supported will, subject to affordability and sustainability, be a matter for local discretion."

"a local authority must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed."

#### Torbay Council Borrowing Position

<b>All Borrowing</b>	<b>Actuals as at 31/03/22 £m</b>
<b>External Borrowing including PFI</b>	405
	<b>2023/24</b>
Revenue budget (proposed)	131
Interest and repayment of principal costs per annum	20
Interest repayment cost as a % of net revenue budget	15%
Investment Fund Rental Income (estimate)	(14)

#### Potential impact of investment market fluctuations

1. Value of rental income on investment properties decreases by 10%. Revenue budget will have a shortfall of £1.4m pa.
2. Value of underlying asset decreases by 10%. Assuming £235m invested and no capital appreciation, balance sheet value will fall of £24m as an unrealised loss.
3. General economic conditions may affect both the rental income and asset values such as the economic impact of Covid-19, economic downturn, post Brexit sentiment and the retail environment. Locally tenants may choose not to renew leases or re-negotiate a lower rental.

## Capital Finance risk management

In the draft Levelling Up and Regeneration Bill there is the introduction of several risk thresholds or “capital metrics” identified for councils. The monitoring of these is intended to help mitigate financial risk to a council. If a council meets a “trigger event” the Secretary of State may intervene and issue a risk direction. The following are the “capital risk metrics” specified in the draft legislation. Torbay’s current measurements are included. Note: no benchmarks for these metrics have been yet identified.

	31/3/22			
Total of debt including credit arrangements as compared to the financial resources at the disposal of the council	Debt including PFI = £405m	Net Budget Requirement = £131m	3:1	
Proportion of capital assets which is investments made wholly or mainly in order to generate financial return	Investment Properties = £211m	Non Current Assets = £635m	33%	
Proportion of debt including credit arrangements to which the counterparty is not central government (CG) or a local authority (LA)	Debt including PFI = £405m	Debt and PFI not CG or LA = £26m	6%	
Amount of minimum revenue provision charged for a financial year (including credit arrangements)	Debt including PFI = £405m	MRP = £7.6m	2%	
Any other metric specified by regulations made by secretary of state	n/a	n/a	n/a	

## Summary of the borrowing position

The risk principally lies in the Council’s investment portfolio and in the future will also include the risk around housing and regeneration capital expenditure funded from rental income. The remainder of the borrowing is linked to a range of operational assets which are expected to be used in the long term and have a full provision for the full recovery of principal over the asset life. All operational assets are supported by a robust business case and while there is a risk in income returns not being achieved overall these are not significant.

In relation to investment properties these are more sensitive to the market fluctuations identified above. An MRP is applied to repay the borrowing over the estimated asset life (up to the maximum 50-year asset life identified in the DLUHC Statutory Guidance). An Investment Fund

reserve is used (funded from rental income) to mitigate against future income volatility on these assets which is reviewed by the Chief Finance officer for adequacy on an annual basis.

Due to the historic low borrowing rates the Council has fixed all its loans and adopted a flat maturity profile, this mitigates the risk of increasing rates on this historic debt. Future borrowing will increase the council's fixed interest and borrowing costs which will be an annual charge to the revenue budget. This fixed cost is partially offset by income streams from the assets funded from borrowing.

## Director of Finance Report

Within the Prudential Code It is the responsibility of the Chief Finance Officer to explicitly report on the delivery, affordability and the risks associated with this Strategy.

### Delivery

The delivery of the individual schemes on the plan are directly linked to the original approval of the capital project supported by each project having a client officer and a project manager who are responsible for the delivery of the project (appropriate skills, contracting, planning etc.) and the subsequent achievement of the objectives of that project.

Members, via Overview and Scrutiny Board and Cabinet receive quarterly updates to the capital plan. These updates are driven by the requirement by financial reporting, however in doing so Members can review and challenge the delivery of projects and any changes to both the timing and value of the capital plan.

If after the capital project being completed there are variations to the income expected to be generated from that asset, these will be reported as a variance in the quarterly revenue budget reporting and if ongoing be included in the following years revenue budget proposals.

The Council's senior leadership team, supported by the Capital and Growth Board, has oversight for the delivery of and challenge to the capital plan.

### Affordability

Affordability is critical in applying the capital strategy and approving projects for inclusion in the capital plan. This is mostly demonstrated by a specific report on the project being presented to council for approval supported by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards for the approval of the scheme.

All projects need to have a clear funding source. If external funding such as an external grant is to be used there needs to be a clear funding commitment.

Affordability of each project needs to be clear, not only for the funding of the capital spend, but also to cover any ongoing costs of the operation and funding of that capital spend.

Where borrowing is to be used the affordability is key and that affordability has to include the interest costs of that borrowing and the provision for the repayment of the borrowing. This repayment is matched to a prudent asset life and any income streams estimated to fund this asset

must be sustainable. The “rules” around the governance of this borrowing is outlined in the prudential code and the HM Treasury (as summarised above).

At no stage should the asset value be lower than the value of outstanding debt, other than for a short period, unless there is a clear plan to mitigate that shortfall or to sell that asset.

## **Risks**

The risks associated with a significant capital plan and a significant level of borrowing can be mitigated and indeed should be mitigated as “business as usual”, i.e. all capital projects are supported by business plans, have adequate project management and/or project boards, suitable skills for the delivery of the project, tax planning, cash flow, clear operational plan for the use of the asset, use of specific committees, security and due diligence on loans and purchases, use of external advice where appropriate, project contingencies, full tender process and regular and transparent reporting to members.

There are clear links from the capital plan to both the treasury management strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by members at Audit Committee and Council.

For any new borrowing, and this is a greater risk as the cost of borrowing increases, this increases the council’s overall liabilities that will need to be repaid in the future. In addition, this increases the Council’s level of fixed interest and repayment costs that it will incur each year. This is a clear risk that all members need to be aware of.

However, this risk for all assets is mitigated by a robust business case and a full Minimum Revenue Provision that will repay the borrowing costs over a (prudent) asset life. Any variation in expected income is an issue however given the wide range of operational assets and different income streams this is not a significant risk.

As outlined above in the position statement, housing and regeneration properties are a different type and level of risk. Risk arises from both variations in income streams (tenant non-renewal etc.) and from asset values (impact economic conditions and retail trends etc.).

There are risks (and rewards) associated with the purchase of these type of assets, therefore all members need to have sight of, and understand the risks and rewards inherent in these commercial investments.

## **Conclusion**

The current system of borrowing is still a self-regulatory system which means that responsibility for borrowing decisions, and the level of borrowing incurred by a Council are determined at a local level. Elected members have a key role.

“..the responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with full Council”. (Prudential Code).

The Director of Finance's view is that borrowing decisions result in a long-term commitment to fund that borrowing, and that all decision making and ongoing reporting should be as transparent as possible both to all Members and the residents of Torbay.

The pace and level of change in the Council's borrowing linked to potential regeneration and housing schemes is still potentially significant. The Council's capital financing requirement (i.e., its underlying need to borrow) by the end of 2025/26 could be close to £600m with a £35m ongoing revenue cost (assuming a 7% annual cost of MRP (2.5%) and interest for new borrowing (4.5%)) offset by any capital expenditure that generates a revenue stream.

Therefore, all members need to be fully informed as to all implications of its capital investment decisions, in particular those funded from borrowing.

# Appendix 1 - Definition of Capital Expenditure

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Capital investment is simply described as:

Expenditure on the acquisition, creation or enhancement of “non-current assets”

Non-current assets are items of land and property which have a useful life of more than one year.

This definition of capital expenditure that the Council has to comply with for the classification and, therefore, the funding of capital expenditure is linked to International Financial Reporting Standards. “Qualifying Capital Expenditure” under s25 of Local Government Act 2003 is defined when:

**“The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with “proper practices””**

“Proper Practice” (from 01/04/10) is under International Financial Reporting Standards (IFRS) rules. The relevant standard is IAS16 which has the following definition of capital expenditure:

**“Expenses that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management”.**

“Directly attributable” i.e., if building a school – costs linked to the actual construction of the building, not temporary accommodation, moving people around etc.

Subsequent Capital Expenditure on an asset is defined as:

**“Expenses that make it probable that future economic benefits will flow to the authority and whose cost can be measured reliably.”** Subject to..... “if the expenditure is to replace a component, the old component must be written out of the balance sheet”.

Future economic benefits i.e., it is not necessary for the expenditure to improve the condition of the asset beyond its previously assessed standard of performance – the measurement is against the actual standard of performance at the date of expenditure; e.g. if service potential or asset life is increased.



**Meeting:** Cabinet  
Council

**Date:** 23 February 2023

**Date:** 7 March 2022

**Wards affected:** All

**Report Title:** Capital Plan 2023/24

**When does the decision need to be implemented?** Immediately

**Cabinet Member Contact Details:** Darren Cowell, Cabinet Lead for Finance,

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## 1. Purpose of Report

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- 1.1 Torbay Council's Capital Plan totals £305 million for the 4-year programme to 31 March 2026 with £43 million scheduled to have been spent in 2022/23 and £90 million due to be spent in 2023/24. The Council's Capital Plan is updated on a quarterly basis as new funding announcements and allocations are made.
- 1.2 The attached document provides high-level information on the proposed capital expenditure and funding for 2023/2024 and is part of the total Plan. Shown against each Council Directorate, it gives details of the capital schemes which have previously been approved by the Council including the outcomes each scheme will help us achieve and the milestones for the coming year.
- 1.3 In addition, the 2023/24 capital budget now includes one new allocation. This is for a capital loan facility for Community Led Affordable Housing to be funded from prudential borrowing where the cost of interest and MRP would be covered by loan repayments. The approval process for the new allocations is outlined in the scheme detail.
- 1.4 Some some cases, the capital plan sets out funding which has been allocated to services but where specific schemes have not yet identified.

## 2. Reason for Proposal and its benefits

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- 2.1 To enable the Council to agree its Capital Expenditure and Capital Funding for the 2023/24 financial year as required by the Constitution.

### 3. Recommendation(s) / Proposed Decision

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1. That the Capital Plan for 2023/24 as set out in Appendix 1 to the submitted report be approved
2. That the Chief Finance Officer, in consultation with the Director of Adult and Community Services, the Cabinet Member for Finance and the Cabinet Member for Economic Regeneration, Tourism and Housing, be authorised to approve the business cases for the use of the Community Affordable Housing loan allocations.

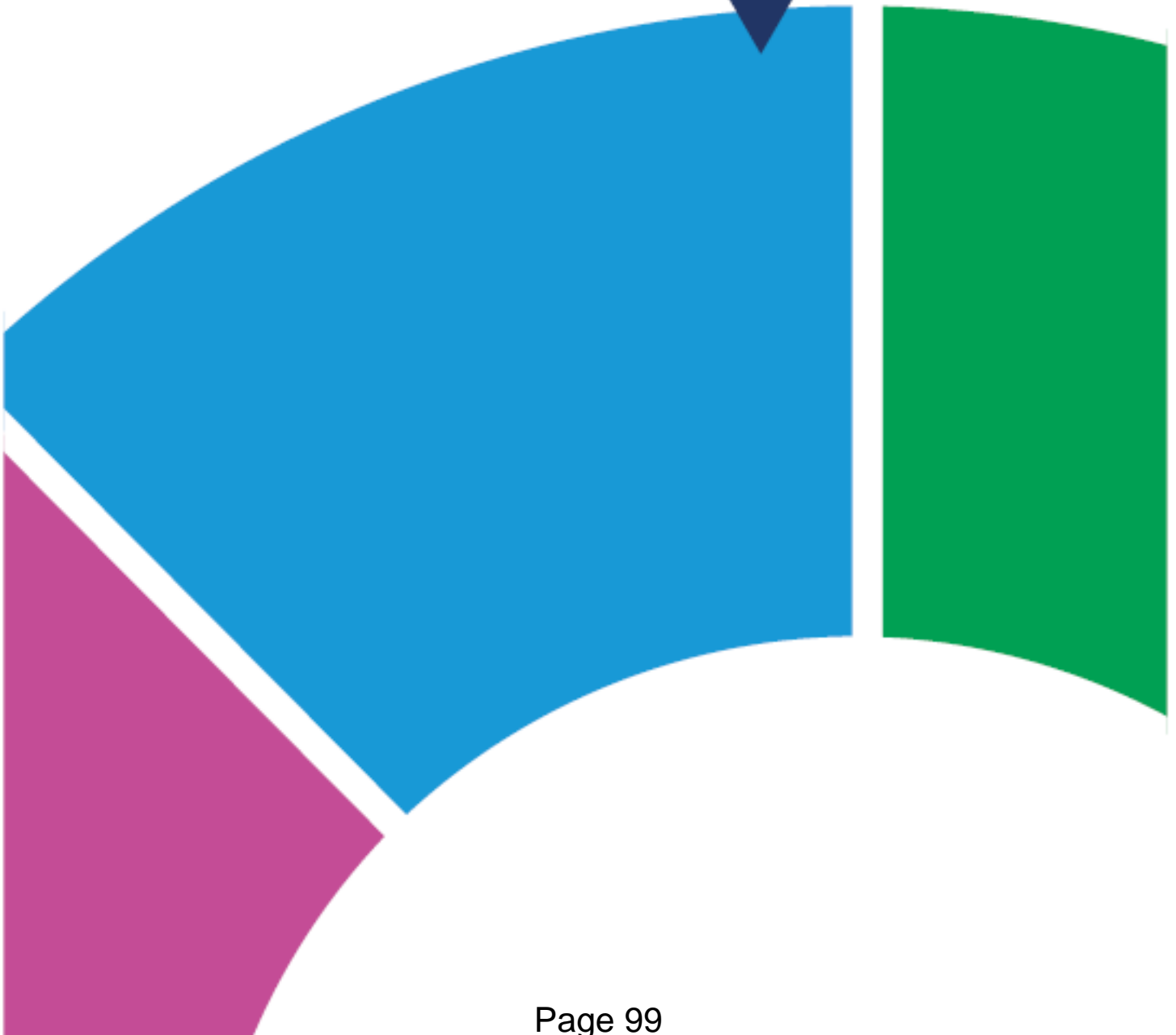
#### **Appendices**

Appendix 1: Proposed Capital Plan for 2023/24

# Capital Plan

January 2023

## Budget 2023-2024



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# Introduction

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Torbay Council's Capital Plan totals £308 million for the programme to 31 March 2026 with £43 million scheduled to be spent in 2022/23 and £90 million due to be spent in 2023/24<sup>1</sup>.

This document provides high-level information on the proposed capital expenditure and funding for 2023/24 and is part of the total Plan. It gives details of the capital schemes which have previously been approved by the Council.

For each scheme, details are provided of the outcomes that we are seeking to achieve (linked to our Community and Corporate Plan priorities), the milestones we have achieved over the past year and the milestones we expect to pass during 2023/2024.

In accordance with Torbay Council's Constitution, the figures presented will form the approved capital budget for the coming year. The figures are currently based on the Quarter 3 2022/23 capital monitoring report.

	2023/24 £m
<b>Children's Services Capital Plan</b>	5,525
<b>Adult Services Capital Plan</b>	18,390
<b>Pride in Place Capital Plan</b>	64,832
<b>Corporate Capital Plan</b>	1,297
<b>Total Capital Expenditure 2023/2024</b>	<b>90,044</b>

How we intend to fund our capital expenditure over the coming year is set out below:

	2023/24 £m
<b>Prudential Borrowing</b>	40,392
<b>Capital Grants</b>	46,150
<b>Capital Contributions</b>	569
<b>Revenue Contributions</b>	1,035
<b>Use of Reserves</b>	385
<b>Capital Receipts</b>	1,513
<b>Total Capital Expenditure 2023/2024</b>	<b>90,044</b>

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<sup>1</sup> Capital Plan – Quarter 3 Monitoring Report (Cabinet March 2023)

## Achievements in 2022/23

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Over the course of the past twelve months, the Council has seen extreme cost inflation in respect of its capital projects. As part of the 2022/23 budget, a capital contingency fund of £4 million was established. However, during the course of the year a total contingency of up to £12 million was agreed to support projects. The majority of this has now been allocated to the Harbour View Hotel, Edginswell Enabling Works and a retail unit at Edginswell.

The new wing at Mayfield School, Torquay was completed, providing additional facilities and space for pupils with complex education, health and care needs. The Phase 1 works at St Cuthbert Mayne School have also been completed providing a new Special Educational Needs block; renovated classrooms including newly refurbished science labs; a new access and entrance; remodelled and refurbished reception and offices, refurbished and extended kitchen and dining hall.

As we continue to focus on providing extra care housing, planning permission has been granted for the development at Torre Marine, Torquay. Further, the Council took possession of the Crossways site in Paignton in May 2022 and since then preparations have been underway for the demolition of the existing building.

We are delivering our Temporary Accommodation Improvement Plan and have started purchasing properties so that families needing temporary accommodation can be more appropriately housed.

Following the completion of a purpose-built manufacturing facility at Claylands, Paignton, the lease has been completed and the building occupied. The enabling works are underway at Edginswell so that work can commence on the other projects which are planned at the site.

Planning permission has been secured for 12-14 The Strand, Torbay (the former Debenhams site). Works are continuing at the Harbour View development in Torquay with completion of the hotel expected in late Autumn 2023.

Planning permission has been secured for the solar farms at both Brokenbury, near Churston and Nightingale Park, Torquay. Our partners at Parkwood Leisure are continuing to undertake improvements at the Riviera International Conference Centre, including identifying opportunities for energy efficiencies and reduction of carbon emissions. There has been significant investment by SWISCo in replacement vehicles and bins for the roll-out of the new garden waste collections.

The highway works along the Western Corridor have been completed as part of our commitment to improve transport connectivity within the Bay.

The first Future High Streets project is being delivered at Paignton Picture House. Grant funding has been awarded to help fund the restoration works of the Gatehouse, South West Wing and South East range of Torre Abbey.

## Children's Services Capital Plan

The aim of the Children's Services Capital Plan is to ensure that children and young people have good quality settings in which to gain the skills and qualifications that they need to be successful in life. We have high aspirations for all our residents, including our children and young people. We want to reduce levels of deprivation within the Bay, close the educational attainment gap and broaden the skills base of our future workforce.

The capital funding the Children's Services Capital Plan is largely made up of funding received from the Department for Education.

### Current schemes

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Capital repairs and maintenance 2020/21, 2021/22 &amp; 2022/23</b> (Divisional Director Education, Learning and Skills)	A grant provided to the Council to improve the condition of school premises.	Children and young people gain the skills and qualifications they need.	On-going funding allocation	<ul style="list-style-type: none"> <li>Years 1 &amp; 2 complete</li> <li>Year 3 programme of works has been agreed and is being tendered ready for start in summer holidays 2023</li> </ul>	<ul style="list-style-type: none"> <li>Tenders complete by Easter 2023</li> <li>Start on site July 2023</li> <li>Complete Sept 2023</li> </ul>	Not applicable – annual allocations	300	0
<b>Education Review Projects</b> (Divisional Director – Education, Learning and Skills)	Resources from Government allocations to provide improved school facilities still to be allocated to specific projects	Children and young people gain the skills and qualifications they need.	On-going funding allocation	<ul style="list-style-type: none"> <li>Funding held for future school projects</li> </ul>	<ul style="list-style-type: none"> <li>Priorities of future school projects to be agreed</li> </ul>	Not applicable - annual allocations	1,461	0
<b>High needs capital provision</b> (Divisional Director – Education, Learning and Skills)	Funding to support the delivery of new places and improve existing provision for children and young people with special educational needs and/or disabilities who require alternative provision	Children and young people identified with SEND will be supported and included in education settings	On-going funding allocation	<ul style="list-style-type: none"> <li>Scoping work underway to identify priorities.</li> <li>Priorities for years 1 &amp; 2 agreed and majority of works complete.</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility work to start Jan 2023</li> <li>Priorities agreed by Easter 2023</li> <li>Works starting late Summer 2023</li> </ul>	2,920	2,650	0

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>St Cuthbert Mayne Phase 2</b>  (Divisional Director – Education, Learning and Skills)	School expansion to provide additional secondary school placements in Torquay	Children and young people gain the skills and qualifications they need.	September 2023	<ul style="list-style-type: none"> <li>Project Brief has been agreed and signed off by Project Board.</li> <li>Work progressing on tender documents.</li> </ul>	<ul style="list-style-type: none"> <li>Design work Jan/Feb 23</li> <li>Tender period Feb/March 23</li> <li>Contractor to start on site May 23</li> <li>Completion late 23</li> </ul>	1,000	750	0
<b>Foster home adoptions</b>  (Divisional Director – Children's Safeguarding)	Allocation from revenue to fund the costs of adoptions in foster homes	Children and young people are supported to live independent lives	On-going funding allocation depending on applications received	<ul style="list-style-type: none"> <li>Awarded and implemented upon approval of adoptions</li> </ul>	<ul style="list-style-type: none"> <li>Awarded and implemented upon approval of adoptions</li> </ul>	300	100	0
<b>Youth Investment Fund</b>  (Director of Children's Services)	Funding from Youth Investment Fund for creation/ expansion/ improvement of local youth facilities.	Children and young people are supported to live independent lives	March 2024	<ul style="list-style-type: none"> <li>New grant award</li> <li>Project Plan being determined</li> </ul>	<ul style="list-style-type: none"> <li>To be confirmed</li> </ul>	528	264	264
<b>Sub Total</b>							5,525	264

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## Adult Services Capital Plan

The aim of the Adult Services Capital Plan is to ensure all our residents are active, healthy, safe, resilient and self-sufficient with good quality homes, which are affordable and meet their needs. We want them to live in communities which are vibrant and attractive with support available if they need it.

The capital funding the Adult Services Capital Plan includes grant funding such as from the Brownfield Land Release Fund, prudential borrowing and receipts from Right to Buy sales. Many of these funding pots have specific conditions attached to them which limits their use.

### Current schemes

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Adult Social Care</b>  (Director of Adult and Community Services)	To be allocated to adult social care projects	Residents are supported to live independent, healthy and active lives	Ongoing funding allocation	<ul style="list-style-type: none"> <li>Funding set aside for delivery of Torre Marine extra care setting</li> </ul>	<ul style="list-style-type: none"> <li>Funding expected to be used for continued delivery of extra care settings.</li> </ul>	N/A (annual allocations)	895	0
<b>Crossways, Paignton – Regeneration and Extra Care Housing</b>  (Director of Adult and Community Services)	Mixed use development to include extra care and affordable housing	Residents are supported to live independent, healthy and active lives  Residents live in affordable, quality homes	May 2026	<ul style="list-style-type: none"> <li>Planning approved Feb 2021</li> <li>Compulsory purchase complete May 2022</li> </ul>	<ul style="list-style-type: none"> <li>Demolition phase to begin March 2023</li> <li>Build phase start on site September 2023</li> </ul>	25,379	5,000	17,400
<b>Torre Marine, Torquay – Extra Care Housing</b>  (Director of Adult and Community Services)	Development of extra care housing	Residents are supported to live independent, healthy and active lives	January 2025	<ul style="list-style-type: none"> <li>Planning approved November 2022</li> </ul>	<ul style="list-style-type: none"> <li>Council approval of scheme June 2023</li> <li>Construction start on site Autumn 2023</li> </ul>	4,115	2,153	0

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Disabled Facilities Grants</b>  (Divisional Director – Community and Customer Services)	Grants to provide home adaptations for disabled residents	Residents are supported to live independent, healthy and active lives	On-going funding allocation	<ul style="list-style-type: none"> <li>Codesign of draft Housing Assistance Policy to reflect changing need of customers and legislative requirements.</li> <li>Delivery of 63 adaptation and 41 in progress on site.</li> </ul>	<ul style="list-style-type: none"> <li>Consultation on Housing Assistance Policy – Jan-Feb 23</li> <li>Tender process for contractors to ensure quality and supply of contractors and manage cost – March 23</li> <li>Awarded and implemented upon approval of adaptations</li> </ul>	Not applicable - annual allocations	1,295	0
<b>Changing Places – Toilets</b>  (Director of Adult and Community Services)	Grant for the provision of fully accessible toilet facilities	New fully accessible toilet facilities	March 2024	<ul style="list-style-type: none"> <li>Site identified</li> </ul>	<ul style="list-style-type: none"> <li>To be confirmed</li> </ul>	180	180	0
<b>Housing Rental Company – Capital Loan</b>  (Divisional Director – Community and Customer Services)	A loan for capital purposes to facilitate the work of the Housing Rental Company	Residents live in affordable, quality homes	Overall fund rather than individual projects	<ul style="list-style-type: none"> <li>Schemes being developed for approval</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	25,000	0	21,733

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Community based Affordable Housing Loan</b>  (Divisional Director – Community and Customer Services)	A loan for capital purposes to facilitate the work of community based organisations to deliver affordable housing	Residents live in affordable, quality homes	Overall fund rather than individual projects	<ul style="list-style-type: none"> <li>Schemes will be presented for approval by Chief Finance Officer in consultation with Director of Adult Social Care and the Executive Leads for both Finance and Adult Social Care.</li> <li>Loan criteria to include:</li> <li>Interest rate linked to prevailing PWLB rates</li> <li>Asset security to exceed loan value required</li> <li>Loan repayments on an annuity basis</li> <li>Loan not to exceed asset life (up to a maximum of 50 years)</li> <li>Purpose of loan must comply with HM Treasury borrowing guidance</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	3,000	3,000	0
<b>Affordable Housing</b>  (Approval of allocation by the Chief Executive)	Capital resource awaiting allocation to specific affordable housing schemes	Residents live in affordable, quality homes	Overall fund rather than individual projects	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	Not applicable - annual allocations	529	528

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure	Planned expenditure 23/24	Future planned expenditure
						£000	£000	£000
<b>St Kilda's, Brixham – Affordable Housing</b>  (Director of Adult and Community Services)	Development for affordable housing	Residents live in affordable, quality homes	October 2024	<ul style="list-style-type: none"> <li>Scheme design complete and planning application submitted.</li> <li>Contractor procurement commenced</li> </ul>	<ul style="list-style-type: none"> <li>Land Transfer Jan 23</li> <li>Planning Committee Feb 23</li> <li>Contractor Procurement March 23</li> </ul>	338	338	0
<b>Preston Down Road</b>  (Director of Adult and Community Services)	Capital loan to Tor Vista to enable housing development at Preston Down Road site, Paignton	Residents live in affordable, quality homes	March 2024	<ul style="list-style-type: none"> <li>Scheme now revised to be a disposal to a registered provider</li> </ul>	<ul style="list-style-type: none"> <li>Sale of site to registered provider October 2023</li> </ul>	23,000	0	23,000
<b>Temporary Accommodation</b>  (Divisional Director – Community and Customer Services)	Purchase and renovation of properties to provide temporary accommodation	37 properties to house families in need of emergency accommodation. Reducing costs and need to use B&B's therefore providing better provision and outcomes.	March 2024	<ul style="list-style-type: none"> <li>3 properties are at exchange / completion stage, with an additional 16 having offers accepted.</li> <li>All 4 &amp; 5 bed properties required have been sourced.</li> </ul>	<ul style="list-style-type: none"> <li>Continued search for and purchase of properties</li> <li>First occupation of property - February 23</li> </ul>	10,000	5,000	0
<b>Sub Total</b>							18,390	62,661

## Pride in Place Capital Plan

There are wide-ranging aims which we are seeking to achieve through the Pride in Place Capital Plan. We want to create an environment in which businesses and jobs can grow, so that we have a local economy which is successful and sustainable. This includes investing in the infrastructure which supports our economy, including our roads and transport links, our town centres and our business parks. We want to be the premier tourist resort in the UK and must invest in the facilities which attract visitors (as well as encouraging their use by our residents). We are working towards being a Carbon Neutral Council and must invest in a range of initiatives to help us achieve this target. We also need to provide the means to encourage our residents to increase the rate at which they recycle.

The breadth of the Capital Plan for Pride in Place is also reflected in the sources of funding that we have. This includes allocations and grants from the Department of Transport, the Local Transport Board, the Local Enterprise Partnership and the Environment Agency. We have also been successful in bidding for the Towns Fund, Future High Streets Funding and Heritage Lottery Funding.

### Current schemes

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Edginswell Business Park Unit 1</b>  (Divisional Director – Economy, Environment and Infrastructure)	Development and construction of Unit 1 of Edginswell Business Park.	The local economy is successful and sustainable.  The number of businesses and jobs in the Bay increases.	August 2023	<ul style="list-style-type: none"> <li>Start on site September 2022</li> <li>Wickes agreement for Lease April 21</li> <li>CCWP approval to additional funding Dec 22.</li> </ul>	<ul style="list-style-type: none"> <li>Works practical completion Aug 2023.</li> </ul>	6,927	5,724	0
<b>Edginswell Station</b>  (Divisional Director – Planning, Housing and Climate Emergency)	Provision of new railway station at Edginswell	Transport connectivity and sustainability is improved.	TBC	<ul style="list-style-type: none"> <li>Appointment of Network Rail under a Development Agreement.</li> <li>Network Rail appointed a contractor to design the station, with an option to build.</li> <li>Design ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Linked to Network Rail and final construction cost</li> </ul>	12,395	5,000	6,362
<b>Torbay Economic Development Company Capital Loans/Grant</b>  (Director of Pride in Place)	A loan for capital purposes to facilitate the work of the Torbay Economic Development Company	The local economy is successful and sustainable.  The number of businesses and jobs in the Bay increases.	March 2024	<ul style="list-style-type: none"> <li>The purchase of Cockington car park has been completed</li> </ul>	<ul style="list-style-type: none"> <li>Drawdown of funds linked to TDA Group cashflow</li> </ul>	4,040	0	574

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Highways Structural Maintenance</b>  (Divisional Director – Economy, Environment and Infrastructure)	A grant provided to the Council linked to the value of the planned maintenance backlog on the road network.	Transport connectivity and sustainability is improved.	On-going funding allocation	<ul style="list-style-type: none"> <li>DfT Grant Funding. This is an annual programme of highway maintenance works.</li> <li>The works are divided into reactive permanent repairs and larger scale works.</li> </ul>	<ul style="list-style-type: none"> <li>Surface Dressing Programme - Spring 2023.</li> <li>Resurfacing and Reconstruction Programme to be commenced April 2023</li> </ul>	Not applicable - annual allocations	2,038	1,820
<b>Integrated Transport Schemes</b>  (Divisional Director – Planning, Housing and Climate Emergency)	A grant provided to the Council linked to the value of the planned maintenance backlog on the road network.	Transport connectivity and sustainability is improved.	On-going funding allocation	<ul style="list-style-type: none"> <li>DfT Grant Funding. Annual Programme of Transportation Schemes.</li> <li>A mixture of highway schemes and initiatives from Spatial Planning</li> </ul>	<ul style="list-style-type: none"> <li>Local Transport Plan for 2023/24 to be agreed in February 2023 (Director in consultation with Cabinet Lead).</li> <li>Programme to be managed by Transportation Steering Group.</li> </ul>	Not applicable - annual allocations	1,147	1,071
<b>Western Corridor</b>  (Divisional Director – Planning, Housing and Climate Emergency)	Completion of the Western Corridor along the Torquay/Paignton Ring Road.	Transport connectivity and sustainability is improved.	Not applicable (construction complete, only open for any compensation claim)	<ul style="list-style-type: none"> <li>Construction complete. Project remains open whilst compensation claims are progressed.</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of claims being led by TDA and Legal Services.</li> </ul>	12,293	250	255
<b>Torquay Gateway Road Improvements</b>  (Divisional Director – Planning, Housing and Climate Emergency)	Improve road infrastructure and access on outskirts of Torquay.	Transport connectivity and sustainability is improved.	June 2023	<ul style="list-style-type: none"> <li>Scheme substantially complete</li> </ul>	<ul style="list-style-type: none"> <li>Final spend on scheme</li> </ul>	3,485	20	0
<b>Babbacombe Beach Road</b>  (Divisional Director – Planning, Housing and Climate Emergency)	Structural improvements to road access to Babbacombe Beach.	Transport connectivity and sustainability is improved.	June 2023	<ul style="list-style-type: none"> <li>Scheme substantially complete</li> </ul>	<ul style="list-style-type: none"> <li>Final spend on scheme</li> </ul>	529	31	0

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Flood Alleviation – Monksbridge</b>  (Divisional Director – Economy, Environment and Infrastructure)	Flood alleviation work.	The risk of flooding will be addressed.	July 2023	<ul style="list-style-type: none"> <li>Contractor appointed and survey works of properties commenced.</li> </ul>	<ul style="list-style-type: none"> <li>Installation of property flood resilience measures will continue and further survey works of properties will take place.</li> </ul>	412	295	0
<b>Paignton Coastal Defence Scheme</b>  (Director of Pride in Place)	Provision of additional protection against sea inundation in low lying areas of Paignton and Preston	The risk of flooding will be addressed.	September 2025	<ul style="list-style-type: none"> <li>All public consultation works completed.</li> </ul>	<ul style="list-style-type: none"> <li>Recommendations in relation to the masterplan for the area to be considered by Cabinet in Jan 23.</li> <li>Planning application to be submitted for approval September 23.</li> <li>Works to commence September 24</li> </ul>	3,142	150	2,678
<b>Paignton Future High Streets Fund – Flood Defence</b>  (Divisional Director – Economy, Environment and Infrastructure)	Contribution towards Public Realm works associated with the Paignton Coastal Defence Scheme	Our town centres and seaside locations will be supported through an improved public realm.	Design phase by June 2023	<ul style="list-style-type: none"> <li>Design work commissioned in January 2023</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Focus Group and Workshop</li> <li>Public Engagement Event</li> <li>Production of detailed design drawings</li> <li>Complete appropriate pre-planning work</li> </ul>	571	485	0
<b>Other Flood Alleviation Schemes</b>  (Divisional Director – Planning, Housing and Climate Emergency)	Provision of flood alleviation schemes for Torquay, Paignton, Brixham and Haldon & Princess Pier.			<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	250	135	0
<b>Princess Pier – Structural repair</b>  (Director of Pride in Place)	Repairs to the superstructure (and potentially the substructure) of	Torbay's unique heritage is protected for the enjoyment of residents and visitors	TBC	<ul style="list-style-type: none"> <li>Survey works on both Haldon and Princess Piers being carried out to assess the current structural condition of</li> </ul>	<ul style="list-style-type: none"> <li>Business case will be produced and submitted to the Environment Agency by Sep 23.</li> </ul>	1,665	60	772

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
	Princess Pier, Torquay			each and identify the remaining repair works that are required.	<ul style="list-style-type: none"> <li>Detailed design works and repair works would commence in April 24.</li> </ul>			
<b>Torquay Town Dock – Infrastructure Improvements</b>  (Director of Pride in Place)	Improvements to the infrastructure of the Town Dock at Torquay Harbour	Residents and visitors continue to enjoy the range of activities on offer in Torbay.	March 2024	<ul style="list-style-type: none"> <li>Phase 2 development complete Dec 22</li> </ul>	<ul style="list-style-type: none"> <li>Phase 3 development and practical completion due Spring 23</li> </ul>	1,200	211	0
<b>Car Park investment</b>  (Divisional Director – Economy, Environment and Infrastructure)	Improvements to the infrastructure of the car parks across Torbay.	Our town centres and seaside locations will be supported through an improved car park offer.	June 2024		<ul style="list-style-type: none"> <li>Lighting and decorating work at selected multi story sites between January – June 2023</li> </ul>	1,000	500	0
<b>Regeneration Programme and Economic Growth Fund</b>  (Director of Pride in Place)	This fund will support town centre and other regeneration  The fund will be allocated to specific projects for inclusion in the overall Capital Plan.	The economy of Torbay grows.	Overall approval rather than individual schemes	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	87,157	0	87,157
<b>Harbour View Hotel</b>  (Divisional Director – Economy, Environment and Infrastructure)	Development of a new hotel (Premier Inn) Terrace Car Park site, Torquay	The tourist offer in Torbay is improved.	December 2023	<ul style="list-style-type: none"> <li>Appointment of new contractor and work recommencing on site</li> </ul>	<ul style="list-style-type: none"> <li>Practical completion – Autumn 23</li> <li>Handover of site to operator – December 23</li> </ul>	20,616	8,600	0
<b>Old Toll House</b>  (Divisional Director – Economy, Environment and Infrastructure)	Redevelopment of the Old Toll House, Torquay.	The economy of Torbay grows.	To be confirmed	<ul style="list-style-type: none"> <li>Agreement for Lease in place</li> <li>Planning approved</li> <li>Project delayed for legal &amp; financial reasons</li> </ul>	<ul style="list-style-type: none"> <li>Conclusion of legal disputes – June 23</li> <li>Review of project viability – Summer 23</li> </ul>	1,200	0	1,004



Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Torquay Towns Fund – general</b>  (Divisional Director – Economy, Environment and Infrastructure)	A grant provided to the Council to regenerate Torquay.  The fund will be allocated to specific projects for inclusion in the overall Capital Plan.	The economy of Torbay grows.	The fund will be allocated to specific projects for inclusion in the overall Capital Plan.	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	157	52	0
<b>Torquay Town Deal – Union Square Phase 1</b>  (Divisional Director – Economy, Environment and Infrastructure)	Phase 1 of the redevelopment of Union Square Shopping Centre, Torquay.	The economy of Torbay grows.	March 2026	<ul style="list-style-type: none"> <li>Purchase of site</li> </ul>	<ul style="list-style-type: none"> <li>Determination of preferred option – April-June 23</li> <li>Submission of planning application – Summer 23</li> </ul>	5,050	1,050	0
<b>Torquay Town Deal – Union Square Phase 2</b>  (Divisional Director – Economy, Environment and Infrastructure)	Phase 2 of the redevelopment of Union Square Shopping Centre, Torquay.	The economy of Torbay grows.	TBC	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Phase 2 focus on development around Union Square/Pannier Market -awaiting Union Sq Phase1 feasibility to be completed to fully scope</li> </ul>	5,993	5,993	0
<b>Torquay Town Deal – Harbour Public Realm</b>  (Divisional Director – Economy, Environment and Infrastructure)	Improvements to the public realm around Torquay Harbour	The economy of Torbay grows.	March 2024	<ul style="list-style-type: none"> <li>Detailed design and costed scheme.</li> <li>Contractor tender commenced Dec 2022</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of contractor – March 23</li> <li>Start on site – April 23</li> <li>Completion of the project – March 24</li> </ul>	2,506	1,814	0
<b>Torquay Town Deal – Pavilion</b>  (Divisional Director – Economy, Environment and Infrastructure)	To undertake feasibility work to identify a cost plan for the full refurbishment of the Pavilion, Torquay	Torbay’s unique heritage is protected for the enjoyment of residents and visitors	March 2024	<ul style="list-style-type: none"> <li>Cost plan identified and revised</li> <li>Negotiations ongoing with the tenant</li> </ul>	<ul style="list-style-type: none"> <li>Negotiation with tenant Spring 23</li> <li>Contractor procurement complete</li> </ul>	2,000	1,300	0

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Torquay Town Deal – Core Area Public Realm</b>  (Divisional Director – Economy, Environment and Infrastructure)	Improvements to the public realm in Torquay Town Centre	The economy of Torbay grows.	March 2024	<ul style="list-style-type: none"> <li>• Consultation undertaken</li> </ul>	<ul style="list-style-type: none"> <li>• Conclusion of first phase of consultation – February 23</li> <li>• Completion of next stage of design – April 23</li> <li>• Start of project on site – Autumn 23</li> <li>• Completion of works – March 24</li> </ul>	600	598	0
<b>Paignton Future High Streets Fund – Torbay Road</b>  (Divisional Director – Economy, Environment and Infrastructure)	Improvements to the public realm in Torbay Road, Paignton	The economy of Torbay grows.	March 2024	<ul style="list-style-type: none"> <li>• Trial of full pedestrianisation scheme including consultation and engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Conclusion of the consultation on the pedestrianisation trial – June 23</li> <li>• Review &amp; development of design - July 23</li> <li>• Procurement of contractor – August 23</li> <li>• Start on site – Autumn 23</li> </ul>	668	426	0
<b>Paignton Future High Streets Fund – Station Square</b>  (Divisional Director – Economy, Environment and Infrastructure)	Redevelopment of Station Square, Paignton	The economy of Torbay grows.	March 2024	<ul style="list-style-type: none"> <li>• Stage 4 design and Cost Plan progressed (information package for tendering a contractor)</li> </ul>	<ul style="list-style-type: none"> <li>• Contractor procurement – June 23</li> <li>• Start on site – September 23</li> <li>• Completion of work – March 24</li> </ul>	2,259	2,027	0
<b>Paignton Future High Streets Fund – Victoria Centre Phase 1</b>  (Divisional Director – Economy, Environment and Infrastructure)	Phase 1 of the redevelopment of Victoria Centre, Paignton.	The economy of Torbay grows.	January 2026	<ul style="list-style-type: none"> <li>• Early enabling and pre-works activity progressed</li> <li>• Programme of demolition underway (subject to Contract)</li> </ul>	<ul style="list-style-type: none"> <li>• Demolition Garfield Road Structure (July 23).</li> <li>• Programme to be confirmed subject to scheme development and delivery procurement partner routes</li> </ul>	652	602	0

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Paignton Future High Streets Fund – Victoria Centre Phase 2</b>  (Divisional Director – Economy, Environment and Infrastructure)	Phase 2 of the redevelopment of Victoria Centre, Paignton.	The economy of Torbay grows.	To be confirmed	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Reliant on delivery of Victoria Centre phase 1 (above)</li> </ul>	3,862	3,312	0
<b>Paignton Future High Streets Fund – Picture House</b>  (Divisional Director – Economy, Environment and Infrastructure)	Renovation of Paignton Picture House and re-opening of Cinema supported by FHSF and CDF Funding	Torbay's unique heritage is protected for the enjoyment of residents and visitors	November 2024	<ul style="list-style-type: none"> <li>Design, feasibility and cost appraisal progressed.</li> </ul>	<ul style="list-style-type: none"> <li>Scheme designs developed – Feb 23</li> <li>Planning application committee - May 23</li> <li>Contractor Procurement - Aug 23</li> <li>Start on site - Sept 23</li> </ul>	1,285	367	0
<b>Paignton Picture House</b>  (Divisional Director – Economy, Environment and Infrastructure)	Restoration of Paignton Picture House  (The same project as above but funded from a different grant)	See above	See above	See above	See above	2,322	1,800	372
<b>Paignton Future High Streets Fund – Diversification</b>  (Divisional Director – Economy, Environment and Infrastructure)	Residential re-development 62-70 Victoria Street	Residents live in affordable, quality homes	To be confirmed	<ul style="list-style-type: none"> <li>Pre-planning and design development progressed</li> <li>Project being reviewed as part of Future High Streets programme including alternative options available to the Council</li> </ul>	<ul style="list-style-type: none"> <li>Preferred option confirmed- April 2023</li> </ul>	1,300	1,300	0
<b>Lymington Road Business Centre</b>	Additional start-up workshop units at	The economy of Torbay grows.	January 2024	<ul style="list-style-type: none"> <li>Enabling Works completed – Aug 2022</li> </ul>	<ul style="list-style-type: none"> <li>Capital Contingency allocated February 23</li> </ul>	5,359	3,986	0

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
(Divisional Director – Economy, Environment and Infrastructure)	Torquay Coach station site			<ul style="list-style-type: none"> <li>Re-procurement of contractor approved and initiated</li> </ul>	<ul style="list-style-type: none"> <li>Contractor procured and start on site – March 23</li> </ul>			
<b>Edginswell enabling works</b>  (Divisional Director – Economy, Environment and Infrastructure)	Infrastructure improvements as part of the regeneration at Edginswell.	The economy of Torbay grows.  Transport connectivity and sustainability is improved.	April 2023	<ul style="list-style-type: none"> <li>Start on site Sep 22</li> <li>Additional GBF funding award Nov 22.</li> </ul>	<ul style="list-style-type: none"> <li>Practical completion April 2023</li> </ul>	4,209	2,250	0
<b>Corbyn Head – Development of former WCs</b>  (Divisional Director – Economy, Environment and Infrastructure)	Redevelopment of site of the former WCs at Corbyn Head, Torquay.	The economy of Torbay grows.	March 24	<ul style="list-style-type: none"> <li>Project deemed as unviable under current options and new feasibility studies initiated.</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility and options appraisal to be complete – Summer 2023</li> </ul>	1,250	0	1,250
<b>Preston (North) – Development of former WCs</b>  (Divisional Director – Economy, Environment and Infrastructure)	Redevelopment of site of the former WCs at Preston (North), Paignton.	The economy of Torbay grows.	March 24	<ul style="list-style-type: none"> <li>Pre-application planning advice received.</li> <li>Project team appointed and due diligence ongoing. Awaiting Council approval to proceed to planning.</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility and options appraisal to be complete – Summer 2023</li> </ul>	717	717	0
<b>12-14 The Strand (former Debenhams)</b>  (Divisional Director – Economy, Environment and Infrastructure)	Redevelopment of 12-14 The Strand, Torquay.	Residents and visitors continue to enjoy the range of activities on offer in Torbay.  The economy of Torbay grows.	February 2025	<ul style="list-style-type: none"> <li>Planning Committee recommended approval Nov 22</li> </ul>	<ul style="list-style-type: none"> <li>Construction start on site October 2023 subject to viability</li> </ul>	9,600	2,500	6,500
<b>Torre Abbey Renovation – Phase 3</b>	Phase 2 of the renovation works at Torre Abbey, Torquay.	Torbay’s unique heritage is protected for the enjoyment of residents and visitors	April 2024	<ul style="list-style-type: none"> <li>Architects and construction project managers have been procured.</li> </ul>	<ul style="list-style-type: none"> <li>Contractors due on site from May 2023.</li> </ul>	1,208	208	1,000

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
(Divisional Director – Economy, Environment and Infrastructure)				<ul style="list-style-type: none"> <li>Ecological Surveys have been carried out; further surveys are required - Spring 23</li> </ul>				
<b>Torre Abbey Gatehouse/SW Wing</b>  (Divisional Director – Economy, Environment and Infrastructure)	Restoration works of the Gatehouse and the South West Wing (the café side) of Torre Abbey, Torquay.	Torbay's unique heritage is protected for the enjoyment of residents and visitors	April 2024	<ul style="list-style-type: none"> <li>Architects and construction project managers have been procured.</li> </ul>	<ul style="list-style-type: none"> <li>Contractors due on site from May 2023.</li> </ul>	964	707	97
<b>Torre Abbey SE Wing/Courtyard/Tower</b>  (Divisional Director – Economy, Environment and Infrastructure)	Works to the South East range (Learning Lab and Ballroom) at Torre Abbey, Torquay.	Torbay's unique heritage is protected for the enjoyment of residents and visitors	April 2024	<ul style="list-style-type: none"> <li>Architects and construction project managers have been procured.</li> </ul>	<ul style="list-style-type: none"> <li>Contractors due on site from May 2023.</li> </ul>	404	297	40
<b>UK Shared Prosperity Fund</b>  (Director of Pride in Place)	Grant funding for investment in community and place, supporting local businesses, people and skills.	Range of outcomes identified in bid including: Employment opportunities and decarbonisation schemes,	Grant funding is to March 2025	<ul style="list-style-type: none"> <li>New grant</li> <li>Allocation of funds in line with bid allocation will be actioned by TEDC</li> </ul>	<ul style="list-style-type: none"> <li>Milestones in line with bid award</li> </ul>	406	139	222
<b>SWISCo Loan – Vehicle and Equipment Replacement</b>  (Divisional Director – Economy, Environment and Infrastructure)	Loan to SWISCo to enable new vehicles and equipment to be purchased.	Services are delivered more efficiently.	Ongoing	<ul style="list-style-type: none"> <li>Vehicle lease deals converted to purchase schemes</li> </ul>	<ul style="list-style-type: none"> <li>Complete the conversion of the hired fleet to owned fleet where appropriate</li> <li>Identify investment opportunities in electric vehicles</li> </ul>	2,800	2,338	0
<b>SWISCo Loan – Buildings</b>	Loan to SWISCo to enable investment in	The Council's estate is in good repair.	June 2023	<ul style="list-style-type: none"> <li>Feasibility work underway for additional</li> </ul>	<ul style="list-style-type: none"> <li>Procure contractor for the works</li> </ul>	1,200	1,000	0

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
(Divisional Director – Economy, Environment and Infrastructure)	structure of buildings from which company operates.			works at the Tor Park Road site to meet the requirements of the Environment Agency	<ul style="list-style-type: none"> <li>Deliver the scheme</li> </ul>			
<b>Solar Farm – Brokenbury</b>  (Divisional Director – Planning, Housing and Climate Emergency)	Construction of solar farm on agricultural land at Brokenbury, Churston	A reduction in the Council's carbon footprint	January 2024	<ul style="list-style-type: none"> <li>Planning Committee recommended approval Nov 22</li> </ul>	<ul style="list-style-type: none"> <li>Power Purchase Agreement needs to be concluded with South West Water</li> <li>Start on site August 2023</li> </ul>	1,763	1,620	0
<b>Solar Farm – Nightingale Park</b>  (Divisional Director – Planning, Housing and Climate Emergency)	Construction of solar farm on a former landfill site near The Willows, Torquay	A reduction in the Council's carbon footprint.	January 2024	<ul style="list-style-type: none"> <li>Planning Committee recommended approval June 22</li> </ul>	<ul style="list-style-type: none"> <li>NHS Invite to Tender Jan 2023</li> <li>Power purchase agreement to be in place Summer 23</li> <li>Work starts Oct 23</li> </ul>	3,047	2,914	0
<b>Climate Change initiatives</b>  (Divisional Director – Planning, Housing and Climate Emergency)	A fund identified to support capital investment in initiatives to tackle climate change.  The fund will be allocated to specific projects for inclusion in the overall Capital Plan.	A reduction in the Council's carbon footprint.	To be confirmed	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	1,000	250	500
<b>Green Waste bins</b>  (Divisional Director – Economy, Environment and Infrastructure)	Purchase of kerbside green waste wheely bins.	An increase in the Council's recycling rate.	March 2024	<ul style="list-style-type: none"> <li>New green waste bins purchased</li> <li>Green waste collection scheme launched</li> </ul>	<ul style="list-style-type: none"> <li>Complete roll out of green waste scheme</li> </ul>	929	619	0
<b>Sub Total</b>							64,832	111,674

## Corporate Capital Plan

The aim of the current Corporate Capital Plan is to support the delivery of projects across the overall Capital Plan.

It includes a general capital contingency which is approximately 0.2% of the current four-year Capital Plan. Whilst all capital projects include contingencies within the individual project costs, this contingency is to cover urgent, unavoidable capital costs which cannot be met by other means.

Within the 2022/2023 budget, a further contingency fund of £12m was allocated to cover the higher than budgeted costs arising from the impact of increasing inflation on the construction industry. The majority of that has now been allocated to the Harbour View Hotel, Edginswell Enabling Works and Lymington Road Business Centre projects. £1.6m remains within the contingency to be allocated as necessary.

### Current schemes

Title and lead officer	Project description	Expected outcome	Planned completion date	Progress to date	Key delivery milestones 23/24	Total approved capital expenditure £000	Planned expenditure 23/24 £000	Future planned expenditure £000
<b>Enhancement of development sites</b> (Director of Finance)	Capital provision for works required on strategic sites to enable development and disposal.	The ambitions within the Community and Corporate Plan are met through an effective Capital Plan	Not applicable	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	200 p.a.	65	60
<b>General capital contingency</b> (Director of Finance)	Capital provision set aside to cover urgent, unavoidable additional capital costs where alternative funding is unavailable.	The ambitions within the Community and Corporate Plan are met through an effective Capital Plan	Not applicable	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	632	632	0
<b>Capital contingency</b> (Director of Finance)	Capital provision agreed in 2022/23 to cover increased costs associated with construction industry inflation.	The ambitions within the Community and Corporate Plan are met through an effective Capital Plan	Not applicable	<ul style="list-style-type: none"> <li>Allocation of funding to Harbour View Hotel project</li> <li>Allocation of funding to Edginswell Enabling Works project</li> <li>Allocation of funding to Lymington Road Business Centre project</li> </ul>	<ul style="list-style-type: none"> <li>Priorities for any future use to be agreed</li> </ul>	600	600	0
<b>Sub Total</b>							1,297	60

# Governance of the Capital Plan

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## Roles and responsibilities

**Capital and Growth Board:** Made up of senior council officers, the Capital and Growth Board keeps the capital plan under review and confirms the level of risk for each project in terms of delivery against key milestones and budget. It makes recommendations on additional projects which should be included within the plan, based on the priorities of the Council. The Board also provides highlight reports to the Senior Leadership Team on matters that need escalation.

**Senior Leadership Team:** Receives quarterly reports on the delivery and performance of the capital plan as part of its performance management responsibility. It considers any highlight reports from the Capital and Growth Board. The Team also undertakes an annual review of the priorities within the Plan. Any recommendations for amendment to the Capital Plan are made to the Cabinet.

**Overview and Scrutiny Board:** Receives quarterly reports on the capital plan as part of its budget monitoring responsibility. It holds the Cabinet to account for its performance and, as such, can make recommendations for amendments.

**Cabinet:** Operating within the Budget and Policy Framework of the Council, the Cabinet considers the recommendations from the Overview and Scrutiny Board and/or Senior Leadership Team and makes decisions about any changes to the capital plan accordingly. For decisions which would be outside the Budget and Policy Framework, it make recommendations to the Council.

**Council:** Agrees the capital plan when setting the Council's budget for each financial year and determines any changes to the capital plan having considered the recommendations of the Cabinet.

## Agreeing new capital schemes

As a unitary council, Torbay Council delivers a huge number of varied services. With a limited amount of funding available, it can be difficult to make choices between competing priorities.

The key stages in the Council's prioritisation and approval process are as follows:

- The Head of Service submits a capital business case for consideration by the Director of Finance and the Capital and Growth Board. This can take place at any stage in the financial year but the business case must be linked to that service's needs.
- If the Director of Finance and the Capital and Growth Board accept the business case, the views of the Senior Leadership Team and members of the Cabinet are sought.
  - If a scheme is to be funded from a capital allocation previously approved by the Council, the scheme will be approved as stated in the approval or, if the approval process not stated, by the relevant Director in consultation with the relevant Cabinet Lead and Director of Finance and progressed when funding confirmed or,



- If new (confirmed) funding is to be used for a scheme to be funded by, say, a specific grant and if the scheme is supported by the Chief Executive, in consultation with the Cabinet Lead for Finance and Director of Finance, it will be reported to Council.
- If funding has been allocated by Council to a service without individual schemes being identified at the time of approval (such as a general allocation to schools for “basic need” projects), individual schemes within that allocation are subject to approval by the relevant Director in consultation with the Director of Finance.
- Proposals for invest to save or self-financing schemes (usually financed from prudential borrowing) will also require a detailed capital business case. This will be considered by the Director of Finance and the Capital and Growth Board. If the scheme is supported, it will be recommended to Council for approval.
- Any recommendations for schemes to be approved by Council will be included in the next quarterly Capital Plan Update Report.
- Schemes that do not require financial support but include the use of Council assets as a Council contribution to a scheme will also be subject to the Council’s approval process.
- Where there is a proposal to transfer capital resources from a previously approved scheme to a new scheme and there is a change of “policy”, the new scheme will be approved by Council.
- Where a specific approval process has been set up and approved by Council that process will apply.

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This document can be made available in other languages and formats.  
For more information please contact [consultation@torbay.gov.uk](mailto:consultation@torbay.gov.uk)

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# Breaking the Chain Domestic Abuse and Sexual Violence Strategy

2023 – 2030



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Warning - this document contains references and quotes that may be triggering for some people.

## Foreword

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Domestic Abuse and Sexual Violence have devastating impacts for individuals, families and communities, which is why this Strategy is so important to the Council and our numerous partners committing to breaking the chain.

There has been significant progress throughout the delivery of the previous Strategy, which has put Torbay in a much stronger position to be even more ambitious in tackling these massive issues. We are pleased to adopt a Strategy that is and needs to be ambitious, committed to long term change and absolutely focussed on responding to people experiencing domestic abuse and sexual violence. What sets this approach aside is how it has been developed with people sharing their lived experience – of their trauma, aspirations, things that have helped and where they have felt let down. These stories are the motivation and insight that will drive action forward and help the right responses to be delivered at the right time in the right way.

There can be no hiding from the fact that the prevalence of and response to sexual violence remains unacceptable, a national problem. It is necessary that this Strategy recognise this fact and address it as a priority, putting into purposeful use the Devon-wide sexual violence Call to Action, which again was informed by people with lived experience.

This Strategy aims to be responsive to all people experiencing domestic abuse and sexual violence and challenge all those who cause harm, but in doing so we recognise the disproportionate experience of women and girls as victims of male behaviour. Torbay will not shy away from bold conversations where they need to be had, or innovation where needed.

Our heartfelt thanks go to all the people who have take their time to relay their experiences, no matter how difficult, to help develop this Strategy and improve our response for others now and in the future. We shall not stop listening, learning and striving for better – this Strategy is our commitment to that.

Councillor Christine Carter, Cabinet Member for Equality & Diversity and Corporate and Community Services

# Introduction

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“it definitely started off completely mental, not physical, but it was just literally putting me down all the time. Keeping me in my place. Making sure I was where I was supposed to be”

Domestic abuse survivor, Torbay

Since our last Domestic Violence and Sexual Violence Strategy, which was launched in 2018, there have been a number of significant events and policy changes which have brought the emotive subjects of domestic violence and abuse (DVA) and sexual violence (SV) to the forefront of our attention.

Firstly, the Covid-19 pandemic led to an almost overnight change in the way front line domestic abuse and sexual violence services were delivered. Virtual (online) support, which had previously been unthinkable, became the norm. Practitioners and support workers had to develop skills in using unfamiliar technology to ensure they could still see clients face to face and keep them safe. Forensic services for victims of sexual violence had to find ways to continue to safely provide forensic examinations whilst keeping victims and their staff protected from the virus. Strategic partnerships between local authority domestic abuse and sexual violence commissioners, the Office of the Police and Crime Commissioner for Devon and Cornwall (OPCC) health colleagues in Devon and Cornwall Clinical Commissioning Groups, as well as Devon and Cornwall Police, became stronger and more robust. New relationships were forged as together we worked through the pandemic to listen to and learn from our services and communities to ensure victims and survivors of domestic abuse and/or sexual violence were able to access and receive support.

In 2021 the Domestic Abuse Act came into force, and amongst a range of measures - for the first time - a statutory duty was placed upon local authorities to provide support to victims of domestic violence living in what is defined as "safe accommodation" (such as a refuge). Importantly, the Act provides for children to be recognised as victims of domestic violence in their own right.

The same year brought the terrible crimes of sexual violence and murders of Sarah Everard and Sabina Nessa, and closer to home of Bobbi-Anne McCleod in Plymouth; and the advent of the "Everyone's Invited" campaign. Ofsted carried out a themed inspection of sexual harassment and abuse in schools. The Home Office produced its End to End Rape Review. Torbay undertook a Multi-Agency Case Audit of harmful sexual behaviour across Torbay.

Torbay's Partnership commitment to addressing DVA and SV has remained steadfast throughout the events and change of this period, with much progress being made in developing and expanding our response. Some key activities have included:

- Expanding the number of Independent Domestic Violence Advocate roles, including within Torbay hospital, sexual health services and for the LGBTQ community
- Specialist roles within Children's Services

- IRIS pilot established sensitive clinical enquiry enabling identification of domestic abuse and sexual violence in primary care
- White Ribbon re-accreditation
- Standing Tall DASV CVS Partnership developed and delivering support within the community
- Numerous training opportunities, webinars and awareness campaigns delivered
- Meeting statutory requirements of the Domestic Abuse Act 2021
- Part of the NHS England Peninsula Sexual Violence Trauma Pathfinder with Peninsula Authorities, NHS Devon and the Office of the Police and Crime Commissioner

Torbay Council has procured a new Alliance of services that will work together - comprising the domestic abuse service, homeless hostel and adults' drug and alcohol services. These services, which go live in 2023, will work collaboratively with the Council as equal partners to provide trauma informed, integrated and holistic support for people experiencing a range of challenges in their lives. Instead of having to move around between different services and organisations, people can engage with one service that will work with them to address the underlying causes of their issues and support people in the way that best works for them.

"We need services to talk and listen to us rather than talk at us"

Domestic Abuse survivor, Torbay

Our understanding of the issues around domestic violence and the partnerships in which we work have matured considerably since the last Strategy was written. Sadly however, the same cannot be said of sexual violence. Sexual violence remains a taboo subject for general discussion, cloaked in discomfort and shrouded in prejudicial myths that are systemically prevalent. We have found there is an inadequacy of support for victims of sexual violence and assault, particularly if a criminal justice response is not wanted or is not successful. The rates for successful prosecution are low nationally and regionally.

In this Strategy we aim to elevate the issue of sexual violence and our systemic response to it so that it becomes equal to that of domestic violence. That is not to say that we will not continue to address and improve our response to domestic violence; instead that we approach this work in the knowledge that those experiencing sexual violence in Torbay receive limited support, unequal to the support received by those who experience domestic violence and abuse.

"It's a cultural thing. As soon as you say: 'I've been in a domestic violence relationship.' 'What did you do to deserve it? Or what did you do to annoy them' as if that makes it all okay"

To aid understanding and avoid stigmatisation we look to frame our conversations and language around relationships as this is the enduring context of most domestic abuse and sexual violence. We fully acknowledge that DVA & SV is perpetrated against women and girls and is rooted in gender based patriarchal, misogynistic, historic, and cultural norms. However, we want to make our response as inclusive as possible in consideration of the broader nuances of violence and abuse within relationships and in keeping with the Domestic Abuse Act 2021 definition of DVA, as well as gender identity and sexual orientation. As Torbay works to become a more trauma informed Council, we want to consider the impacts of trauma not only on victims and survivors of domestic and sexual violence and abuse, but also on those who are causing these harms; whilst still holding them fully accountable for their actions.

This Strategy is aligned to the **Council Fit for the Future** and **Thriving People** objectives set out in Torbay Council's Community and Corporate Plan, working in partnership to promote community resilience, promote good mental and physical health, and protect our children and young people.

## Legal Framework and Definitions

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"...I didn't see that I was in an abusive relationship because it wasn't physical"

Domestic abuse survivor, Torbay

## Legal Framework

The list below sets out the key legislation, national policies and strategies relating to domestic violence and abuse and sexual violence:

Domestic Abuse Act 2021

National Violence Against Women and Girls Strategy 2021

End to End Rape Review 2021

Crown Prosecution Service Rape and Serious Sexual Offences Strategy (RASSO) 2020

The Victims Code (2020)

Victim's Bill 2022

Police Crime, Sentencing and Courts Act 2022 - Serious Violence Duty

Serious Crime Act 2015

Domestic Violence, Crime and Victims Act (2004)

The Care Act 2014

The Children Act 1989

Police Response to Violence Against Women and Girls Final inspection report -Her

Majesty's Inspectorate of Constabulary and Fire and Rescue Services (September 2021)



Violence Against Women and Girls National Statement of Expectations - Home Office (March 2022)

“A Patchwork of Provision– How to meet the needs of victims and survivors across England and Wales” - Domestic Abuse Commissioner’s Office (November 2022)

## Regional and Local Strategies

The following regional and local strategies are relevant:

Torbay Safe Accommodation Strategy 2021 to 2024

Devon Clinical Commissioning Group Domestic Abuse and Sexual Violence GP Policy

Devon & Cornwall Police Violence Against Women and Girls Delivery Plan 2022/2023

## Definitions

The World Health Organisation defines **sexual violence** as:

“Any sexual act, attempt to obtain a sexual act, unwanted sexual comments, or advances, or acts to traffic, or otherwise directed, against a person’s sexuality using coercion, by any person regardless of their relationship to the victim, in any setting including but not limited to home and work.”

The Domestic Abuse Act 2021 defines **domestic violence and abuse** as follows:

Behaviour of a person (“A”) towards another person (“B”) is “domestic abuse” if:

A and B are each aged 16 or over and are personally connected to each other, and the behaviour is abusive.

Behaviour is “abusive” if it consists of any of the following:

- physical or sexual abuse;
- violent or threatening behaviour;
- controlling or coercive behaviour;
- economic abuse;
- psychological, emotional, or other abuse; and it does not matter whether the behaviour consists of a single incident or a course of conduct.

“Economic abuse” means any behaviour that has a substantial adverse effect on B’s ability to:

- acquire, use, or maintain money or other property, or
- obtain goods or services.

For the purposes of this Act: A’s behaviour may be behaviour “towards” B despite the fact that it consists of conduct directed at another person (for example, B’s child).

## Abbreviations and terms used in this document

<b>Bystander Training/Approach</b>	For the purposes of this document this refers to active bystander training in the community, whereby a person observes abusive or disrespectful behaviour, knows it is wrong and intervenes safely to prevent the situation escalating or to disrupt the situation.
<b>Coercive Control</b>	An act or a pattern of acts of assault, threats, humiliation and intimidation or other abuse carried out by the abuser that is used to harm, punish, or frighten their victim in the context of people in or who have been in an intimate relationship.
<b>Domestic Abuse Act 2021 (DAA21)</b>	Legislation enacted in 2022 that created a new definition of domestic abuse, defined children as victims in their own right, and created a statutory requirement upon Tier 1 (county/unitary) Local Authorities to develop a Safe Accommodation Strategy overseen by an accountable Local Partnership Board.
<b>Domestic Abuse and Sexual Violence Operational Group (DASVOG)</b>	Multi agency group comprising representatives from Torbay Council community safety and children’s services, housing, domestic abuse services, sexual violence services, Devon and Cornwall Police, MARAC (as below), Health, community, and voluntary sector organisations. This operational group works on activities as directed by the DASVEG.
<b>Domestic Abuse and Sexual Violence Executive Group (DASVEG)</b>	Multi agency group comprising senior managers from Torbay Council community safety and children’s services, housing, domestic abuse services, sexual violence services, Devon and Cornwall Police, MARAC (as below), Health and community and voluntary sector organisations. This strategic group is responsible for the delivery of the statutory duties set out in the Domestic Abuse Act, takes the role of the local domestic abuse partnership board, and drives the activities needed to implement the DASV strategy
<b>DA Champions</b>	People who have undertaken Domestic Abuse Champions Training run by the organisation Reduce the Risk. Champions act as an access point in their workplace to provide guidance on domestic violence and signpost to appropriate services.
<b>DVA/DA</b>	Domestic Violence and Abuse – as defined in the Domestic Abuse Act 2021 above.
<b>Health and Wellbeing Board</b>	A partnership between the Local Authority and NHS overseeing the plans to improve the health and wellbeing needs of the local population.
<b>Independent Domestic Violence Advocate (IDVA)</b>	IDVAs are specially trained to work with the highest risk cases to address the safety of victims and their children within a multi- agency framework, acting as the victim’s primary point of contact. Their tasks include risk assessment, safety planning and implementing actions from the MARAC (see below).
<b>Independent Sexual Violence Advocate (ISVA)</b>	ISVAs provide advocacy and support to victims and survivors of recent and non-recent rape, sexual abuse, and sexual assault. The Office of the Police and Crime Commissioner separately commission them.
<b>Lived Experience</b>	Personal knowledge of someone who has direct experience of domestic violence or abuse and/or sexual violence.

<b>Multi –Agency Risk Assessment Conference (MARAC)</b>	The Domestic Violence MARAC is a meeting where a range of agencies discuss the risk of future harm to people experiencing domestic abuse and draw up plans to help manage that risk
<b>NHS Devon</b>	A partnership of health and social care organisations working together with local communities across Devon, Plymouth, and Torbay to improve people’s health, wellbeing, and care.
<b>Office of the Police and Crime Commissioner for Devon and Cornwall (OPCC)</b>	The Police and Crime Commissioner is an elected representative who makes sure that local police meet the needs of the community.
<b>Person displaying harmful behaviour/person causing harm</b>	These terms are what we prefer to use to describe those perpetrating DVA or SV – otherwise known as perpetrators
<b>Safe Accommodation Strategy</b>	The Strategy required by the Domestic Abuse Act 2021 which sets out how victim and survivors of domestic abuse will be supported in safe accommodation (such as refuge or safe houses
<b>Safety Planning</b>	A personal safety plan is a way for a person experiencing domestic violence or abuse to protect themselves and their children in the event of future abuse
<b>Sexual Assault Referral Centre (SARC)</b>	Provides specialist medical and forensic services for anyone who has been raped or sexually assaulted in a safe, private, and comfortable environment
<b>Sexual Assault</b>	Sexual assault is any act of physical, psychological, and emotional violation in the form of a sexual act, inflicted on someone without their consent. It can involve forcing or manipulating someone to witness or participate in any sexual acts
<b>Sexual Violence (SV)</b>	Sexual violence is any sexual act, attempt to obtain a sexual act, or other act directed against a person’s sexuality using coercion, by any person regardless of their relationship to the victim, in any setting
<b>Torbay Children’s Safeguarding Partnership (TSCP)</b>	The TSCP is comprised of the statutory Safeguarding Partners; Police, Clinical Commissioning Group and Local Authority, who work in close collaboration with other identified agencies to safeguard and promote the welfare of all children and young people in Torbay
<b>Torbay Community Safety Partnership</b>	Also known as Safer Communities. Community Safety Partnerships (CSPs) exist by law and their job is to bring agencies and people together to reduce crime and disorder and make areas safer.
<b>Trauma Informed(Approach)</b>	Where the signs and symptoms of trauma in people using services is recognised and understood. The service response takes into consideration the trauma that a person has experienced/ may have experienced in the past and how this may continue to affect them. TIA keeps an awareness of the effects of trauma at the forefront of the approach to providing support and seeks to avoid re-traumatization.
<b>Victim Support (VS)</b>	Charity supporting victims of crime in England Wales. In Devon and Cornwall, VS is the Strategic Delivery Partner of the Police and Crime Commissioner and is

	responsible for commissioning victim support services across the Peninsula including some domestic abuse and sexual violence services.
<b>White Ribbon Ambassadors</b>	Men (usually) who act as formal representatives of White Ribbon UK, part of a global movement to prevent men's violence against women and girls. They are positive role models taking a stand against all male violence against women and girls and encouraging other men and boys to do so too.
<b>Whole Family Approach</b>	Where the needs of all the individuals in the family are taken into consideration when carrying out support assessments and developing support plans. (In this context in relation to people using domestic abuse and sexual violence services and their children).

## Data on Domestic Abuse and Sexual Violence

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### National Data

Sources: Crime Survey of England and Wales (CSEW) 2020; Office of National Statistics (ONS) 2020

- **74%** of victims of DVA crimes recorded by police In the year ending March 2020 were female
- In the year 2020 to 2021 unwanted sexual touching was **the most common type** of sexual assault experienced by both men and women
- Of sexual offences recorded by the police in the year ending March 2020, the victim was female in **84%** of cases. This is a prevalence rate of approximately 3 in 100 women and 1 in 100 men (ONS 2020)
- In **57%** of all adult rape cases the victim feels unable to pursue the case
- **One-third** of all female SV victims were aged under 15 years old
- More than half (**55%**) of all male victims were aged under 15 years.
- Adults with a disability **are more likely** to have experienced DVA in the last 12 months than non-disabled people (CSEW 2020)
- People from black and minoritised ethnic communities suffer DVA for **1.5 times** longer than those with White British or Irish backgrounds (Safelives 2020)
- LGBT+ victims of domestic abuse are more likely to be abused by multiple perpetrators - **15%** compared to **9%** of non-LGBT+ victims (Safelives 2018)
- Adults are **six times** as likely to experience rape or assault by a partner or ex-partner than a family member (ONS 2020)

“ ...constantly having to, like, justify everything because your abusers of the same sex, and it's really, really difficult. Because it's like 'oh a woman is capable of doing

that?.' It's like 'yes, they're very capable.' A man is capable, a woman is capable, it doesn't matter. If somebody wants to be abusive, they're going to be abusive"-

Domestic Abuse survivor, Torbay

"we're not just talking about t-shirt sizes, it doesn't fit all, genders don't fit all, religion, doesn't fit all, you know, and trauma doesn't feel, it's all different and we all come out of it differently"

Domestic Abuse survivor, Torbay

## Torbay Domestic Abuse Headlines

- There were **2,005 police incidents** of domestic abuse in Torbay in 2020/21.
- Domestic abuse accounts for **22% of all crimes** in Torbay.
- **217** Marac referrals in 2020/21
- **72%** of victims reporting to the police over the past 3 years have been female (2018-21)
- **84%** of domestic abuse offenders were male in 2020/21
- **126** Domestic Violence Protection Orders were granted in 2020/21
- Almost a quarter (**24%**) of DVA related crimes are for stalking and harassment.
- **80%** of DVA incidents are assessed as being standard or medium risk.
- **113** Victims of domestic abuse presented as homeless in Torbay in 2020-21
- It is projected that **30%** (667) of referrals to Children's Services in 2020/21 had domestic abuse as a factor. **40%** of these came from the police.
- **164** children became looked after where domestic abuse was a factor over the three years 2018-2021
- Almost half (**47%**) progressed to a Child Protection Plan
- It is estimated that only **33%** of people experiencing DVA in Torbay are known to services

## Torbay Sexual Violence Data Headlines

The data below is sourced from:

- First Light Independent Sexual Violence Advocate (ISVA) service data 2021/22
  - Devon and Cornwall Police data provided to Torbay Council Community Safety Team
  - Devon Rape Crisis service data
  - Torbay Council online Are You OK survey 2021
- 
- The police received **166** reports of rape in the year ending March 2022
  - There were **264** sexual offences reported to the police in 2021/22
  - **41.2%** of all ISVA referrals in 2021/22 were from Devon (including Torbay)
  - In **81%** of cases, the person causing the harm was known to the victim

- In **43.5%** of cases the person causing harm was a family member, relative, or partner/ex-partner
- In 2021/22 **31%** of referrals to Devon Rape Crisis were self-referrals, **36%** were from mental health providers
- **More than half** of females responding to the Are You OK survey who had experienced sexual abuse/violence, said they had been raped
- **More than half** of both males and females survey respondents who had experienced sexual abuse/violence reported they had experienced inappropriate touching.
- **97%** of those whose drinks had been spiked or thought they probably had been spiked were female
- **41%** of survey respondents did not recognise it as sexual abuse or violence at the time and **13%** were not sure.

Estimated of Proportion of Adults in Torbay who have experienced recent rape and/or sexual assault in the last 12 months, since the age of 16, or in childhood (based on self-reporting module of the CSEW<sup>1</sup> and MYE Population 2019):

	Males	Females
Since the age of 16	2,085	11,164
Last 12 months	406	1,542
In Childhood	1,655	5,613

“I thought it was you know, husband and wife or living partners. I didn't really think that domestic abuse applied to boyfriend and girlfriend”

Domestic abuse survivor, Torbay

## Developing our strategy

“So it was controlling, it's like walking on eggshells. You just, you know, something flared up, you kind of try and diffuse a situation as quickly as you can”

Domestic abuse survivor

<sup>1</sup> Local Authority Population Estimates MYE 2019 - <https://tinyurl.com/ybzvaomb>

“This needs some sophisticated, cutting edge thinking and not the usual. While "dealing with" episodes of sexual violence is essential, it will not change anything. Finding the way to change is at least an equal priority.”

Respondent to public consultation on draft Domestic Abuse and Sexual Violence Strategy

In 2021 the Torbay Community Safety Partnership commissioned a strategic review of the system response to domestic violence in Torbay. The result was 241 pages of analysis of the strengths, weaknesses, and identifiable areas for change across the system’s responses. It produced 44 recommendations of how and where improvements could be made, with further recommendations from accompanying reports. This work also incorporated:

- a review of Torbay’s Multi-agency Risk Assessment Conference (MARAC),
- the Safe Accommodation Needs Assessment as required by the Domestic Abuse Act 2021 (DAA21)
- a lived experience listening exercise
- analysis of the responses to the Council’s online Are You OK? Survey conducted in late 2021.

The draft Strategy was published for public consultation during October and November 2022. Responses and suggestions have been incorporated into this final version.

The findings and recommendations from all of these activities have been collated to inform the direction and focus of this new Strategy and will be directly referenced in its Delivery Plan.

The Safe Accommodation Strategy 2021 (required by the DAA21) sits beneath this Strategy.

Torbay Council also participated in the Call to Action sexual violence project with Devon County Council, Plymouth City Council, the Office of the Police and Crime Commissioner, the Devon Clinical Commissioning Group, and the Innovation Unit. This included a mapping exercise of the support available to victims of sexual violence across wider Devon, and a listening exercise with people who have experienced sexual violence and abuse and practitioners working with them. The aim was to develop an understanding of what support victims and survivors want and need to help them recover and make sense of what has happened to them. The findings from this project have provided the strategic direction for sexual violence. In addition data about sexual violence services and demand has been gathered to inform a local position statement on sexual violence in Torbay.

There are some areas of DVA & SV activity which, out of necessity and pragmatism fit more appropriately with, for example, the children’s safeguarding arena. This Strategy aims to consider DVA & SV in the context of a whole system response across the life course. There is a risk that the exclusion of some areas of work could lead to fragmentation and poor oversight of the overall strategic response. This risk will be addressed through the oversight and governance structures in place, ensuring connectivity and line of sight between the main DVA & SV strategy and related

strategies or workstreams. Changes to the strategic direction or areas of focus resulting from legislative or policy changes will be incorporated into reviews of the strategy.

## Scope of the Strategy

The scope of this Strategy includes adult victims of domestic abuse and violence (i.e. those aged 16+) and adult victims of sexual violence (including historic child sexual abuse).

The DAA21 statutorily defines children and young people as victims in own right. For the purposes of this Strategy the scope includes children and young people who are victims of domestic violence and abuse and who are occupying safe accommodation with their parent/carer as part of the DAA21 duties, as well as the wider needs of children and families experiencing DVA. We know that we need to better understand the profile of children and families who experience domestic violence and abuse in order to improve and mature the system response.

..it takes a while to get into and realise 'oh I can have a phone. I can wear t-shirt in the sun. I can put makeup on'

Domestic Abuse survivor, Torbay

## Out of scope

There are number of areas that are out of the scope of this Strategy because they require a specialist response and/or because the safeguarding of children is involved. By separating out these different issues, the protection of children is ensured and the complex and specialist nature of subjects like child sexual abuse and exploitation can be addressed in detail. Overlaps and alignment of activities will be identified during the development of the Strategy Delivery Plan.

Issues which sit alongside but which are out of the scope of this Strategy are:

- Child Sexual Abuse – this is within the remit of Torbay Safeguarding Children's Partnership (TSCP)<sup>3</sup>
- Child Sexual Exploitation – this is included in the TSCP Exploitation Strategy<sup>4</sup>
- Child against Parent Violence and Abuse (CAPVA) – this is within the remit of Children's Services; except for those aged 16 and over which can be raised at MARAC where risk level indicates it is appropriate to do so
- Peer on Peer abuse – this is in the remit of Children's Services except where both parties are aged 16 and over and there is evidence of coercive control. These will be raised at MARAC where risk level indicates.

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<sup>3</sup> <http://torbaysafeguarding.org.uk/cyp/cse/>

<sup>4</sup> <http://torbaysafeguarding.org.uk/cyp/cse/>



- Human Trafficking – this is within the remit of the Devon and Torbay Anti-Slavery Partnership<sup>5</sup>
- Prostitution – this within the remit of the Devon and Torbay Anti-Slavery Partnership<sup>6</sup>

## What people have told us

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“... people need to be carried. Because you don't have the, just don't have the will to walk anymore. And for some of them, absolute horror, some of them don't have to will to live anymore”

Domestic Abuse survivor, Torbay

“We need the voices of children, young people, communities and people with lived experience to inform us about what activity we should take”

Call to Action project participant

People don't always know that what they have experienced is domestic violence or sexual assault. This might be because they are not living together (so it's not “domestic”), it's not physical violence but coercion and control, or a rape took place within marriage. Some said that they did not feel what had happened was sufficiently serious to report to the police, many felt that they would not be believed.

Many described negative experiences of the system when they did report domestic violence or abuse to the Police, and Children's Services becoming involved having been alerted by the Police. Women spoke of feeling that they were being held accountable for the behaviour of the person causing the harm, because they had to take all the responsibility for protecting their children. Meanwhile the person who had harmed them was ignored or “invisible.” Many felt that professionals did not understand how domestic abuse affected their ability to take action, nor of how the Family Court system re-traumatises the victim survivor and their children and allows the person who caused the harm to continue to exercise control over them.

“... I'd call the police. They said, 'don't open the door,' but that's okay when they tell you not to open the door, but what they do is, they report it to social services. And social services then say that you're not protecting your kids. But you tell me

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<sup>5</sup> <https://www.aspartnership.org.uk/devon-and-cornwall>

<sup>6</sup> <http://www.torbaysafeguarding.org.uk/media/1483/tsfp-business-plan-2021-2024.pdf>

how that works, if you phone the police and the police come and you've obviously phoned the police to get them removed and they removed them, how's that not you protecting your kids?"

Domestic Abuse Survivor, Torbay

"when you leave the abusive relationship that escalates the domestic violence more. But what people don't understand is it escalates even more four years, five years down the line. They get really, really bitter. And that's when they fight and they'll fight until they're blue in the face"

Domestic Abuse Survivor, Torbay

Those people who left their abusive relationships spoke of the difficulties finding somewhere to live and of navigating the rehousing process with the Council.

"the one thing that seems so hard at first was actually housing. It was literally one thing is you have nowhere to go. And first, obviously when I walked down that road, the first day, the hardest bit was walking and realising my children were still there. And so it was 'where am I gonna go?'"

Domestic Abuse survivor, Torbay

People feel guilt and shame about what has happened to them. This is reinforced by the prevailing myths and negative stereotyping surrounding rape and sexual assault, which hold the victim responsible for their attack because they were out late/drinking/of what they were wearing and so on. This is compounded by negative national media about the police – including sexual offences carried out by serving officers – the low conviction rate, the time it takes to progress to court (if the case does go to court), and the re-traumatisation of the court proceedings for what is often an unsuccessful outcome.

We heard that sexual violence is complex, often taking place in an intra-familial context, with patterns of behaviour repeating into the next generation. Victims and survivors of sexual violence suffer trauma long into adulthood – the stories we heard, information from Devon Rape Crisis, and the feedback in the Are You Ok survey show that many victims of Child Sexual Abuse (CSA) don't disclose their experiences until many years after the event/s occurred. People are holding years of unresolved trauma that can present in a number of ways – through poor mental health, physical illness, or self-medication in the form of substance misuse for example. When a number of these factors co-exist, we see people who might be rough sleeping, some being coerced into prostitution by drug dealers in order to feed their habit; adding to their sense of shame and poor self-worth.

“some people are so traumatised, that it’s hard for them to reach out for help. It doesn't mean that they don’t want help, it just means that person is a bit more fragile..... Spend time and I’ll open up with you and you’ll see that I'm not that person and I need more help than what I ever let onto”

Domestic Abuse survivor, Torbay

Practitioners working in a range of support services – not specialist rape and sexual assault services and including the community and voluntary sector – spoke of the challenges in trying to help victims who disclose sexual violence during support. The fragmented funding and commissioning arrangements for sexual violence services mean that there is a “postcode lottery” of support with very limited support in Torbay itself, making it difficult for both victim survivors and practitioners to navigate. The services that exist tend to be in Exeter or Plymouth and have long waiting lists. This sometimes leaves practitioners who are not trained in working with victims of sexual violence and trauma, “holding” the person because there is no specialist support immediately available to them. This is risky for both the practitioner and the individual.

Examples have been provided that demonstrate the “silo” nature of working in the system, with sexual violence victims being referred to mental health services because of their trauma, only to be referred on to a sexual violence service – there is limited recognition of the long term impacts of trauma. As the Chief Executive of Devon Rape Crisis told us:

“people are being referred to [Devon Rape Crisis] if they have any history of sexual violence or abuse, regardless of whether this is causing the most difficulty for them or not.”

When support is obtained, it is often constrained by time or a restricted number of support sessions is available. Victims of sexual violence may not want a criminal justice response and just want to be listened to by someone who understands their experience. Some may want to follow the criminal justice process a period of time after the incident/s, others want to be able to access support at different points of the process but don’t have the choice.

“I think I would have found it easier if I was talking to somebody else who had been through it, rather than somebody who hadn't.”

Domestic Abuse survivor, Torbay

There is limited availability of targeted support for victims and survivors of sexual violence in Torbay. Much of what is available is not directly funded or commissioned by statutory agencies and is instead reliant on non- recurrent short term grant arrangements, or in some cases “topped up” with grant funding. This means that the support provision is insecure and therefore unstable.

Finally, loud concerns were voiced around the role of pornography on social media and how this is impacting on the attitudes and behaviours of children and young people. The suggested solutions to this were several and wide ranging – and cannot be solved through the Relationships and Sex Education curriculum in isolation.

“Schools work is vital - with teachers, pastoral care and students”

Respondent to public consultation on draft Strategy

We did also hear stories that were positive and complimentary about the support people had received, including praise for individual workers, organisations, and agencies. Those that shared their stories with us wanted to make sure that their experiences were used to make things better for others.

## Summary of our Findings

While some of the quotes below are from survivors of domestic abuse, the underpinning narrative of lack of belief, victim stereotyping and re-traumatisation are equally as applicable to people who have experienced sexual violence:

“...they just need to believe the person that’s sat in front of them. That’s all anybody needed to do for me, and nobody did it. Nobody believed me”

Domestic Abuse survivor, Torbay

“You hear this criticism all the time about ‘Oh, why did she go back to him?’ It’s very obvious why women go back, because they’re convinced that it’s their fault, that they deserve to be mistreated and it’s so bloody difficult to get away. It’s so hard”

Domestic Abuse survivor, Torbay

“I was a person that was middle age by that stage. I did have a disability and I was challenged because people often discriminated against me because of my race.”

Domestic Abuse survivor, Torbay

“Feels like the system is organised to support perpetrators not victims.”

Call to Action project participant

"The onus is on you to get out and escape, it kind of enables the abuser, doesn't it?"

Domestic Abuse Survivor, Torbay

"The whole court scenario is just horrendous. Family court is just the worst experience anyone could ever go through ever. So you go through all this horrible abuse, you try to come the other side and then you have to face family courts, where they tear you and your children apart in front of you..."

Domestic Abuse survivor, Torbay

Many consistent messages have been heard from the feedback that people have given us. These can be summarised as follows:

- Victims don't report because they think they won't be believed
- Victims are not always sure that what they have experienced is DVA/SV
- Victims are fearful of repercussions if they report, especially they fear statutory interventions (e.g. having their children removed) because the police inform Children's Services when they receive a report
- Victims who do report have negative experiences
- The impact on children and young people as victims is not being addressed
- The system focuses on the victim rather than placing accountability on the person who harmed them
- Victims find it difficult to find a safe place to live if they choose to leave
- System responses are not trauma informed - instead they re-traumatise
- Risk management by the MARAC could be more effective
- Culture of victim blaming and myths evident within parts of the system
- Limited or no understanding of the needs of victims from minoritised communities, or those with multiple and intersectional needs
- Lack of consistent and coordinated data recording – the strategic response is not always evidence based
- Response to sexual violence is limited and immature despite having a high public profile
- Voice of victims is unheard in strategic response
- People feel shame, guilt, blame and anger
- Victims and survivors of sexual violence feel let down by those supposed to help them and that their experiences are minimalised or not believed
- People want choice around when and how they access support.

## What needs to change

“...I wasn't listened to, I was belittled. Can you imagine being stood in a dock with no, you've got no legal representation. Yet you've been told by judges and told by social services that the domestic violence isn't an issue now, because you're not in it. Now, my child is now suffering. He has a tracker on his phone when he's with me. So I'm being trapped when my son's with me. There's nothing I can do. I can't afford to go to court and if I could go back in time, I'd stay with him, I wouldn't have left him. I wouldn't. Because there's no ongoing support”

Domestic Abuse Survivor, Torbay

“Our society doesn't want to talk about sex so to talk about sexual abuse and intrafamilial harm is an underlying issue to address - we all need to feel confident to do this.”

Call to Action project

Based on all of the information collected, the following areas for change have been identified:

- We must listen to the voices of those with Lived Experience if we want to design services and responses that will effectively address DASV
- Understanding and addressing Sexual Violence must be brought to the forefront as it is the poor relation to DVA
- We need more focus on the impacts on children and young people as victims
- We must manage risk more effectively BUT
- We must stop holding the victim responsible for the behaviour of the person harming/who has harmed them
- We must believe victims and validate them to build trust and safety
- The system must stop re-traumatising victims
- We must address the fear of reporting - otherwise we will not address the causal link between high levels of DVA and the fear of statutory interventions
- We must better understand the needs of minoritised groups and those with intersectional needs so we can respond to them
- We need to understand the different drivers and typologies of DA & SV
- Professionals and practitioners must understand the dynamics of power and control - and the power they hold as actors within the system
- We must accept discomfort in order to challenge cultural norms and attitudes in the system

- We must accept that not all victims and survivors want a criminal justice response
- We must collect consistent, meaningful data and use it to inform and develop the system response.

## Our Strategy

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".. So, if you had somewhere where, you know, people that have been victims in the past could help people that were victims now, then that would be amazing because I don't think anybody else would believe it."

Domestic Abuse survivor, Torbay

"Dig deeper into the cultural imbalance of services and how to equalise it."

Respondent to public consultation on draft Strategy

We have built a strong base of evidence of the need to strengthen the strategic response to domestic and sexual violence and abuse in Torbay that will inform our work over the life course of this Strategy.

We want to:

**Work in partnership with individuals, communities, and organisations to break the chain of domestic abuse and sexual violence in Torbay, to enable our residents to live safely and to thrive.**

To achieve this:

- Support for victims and survivors and their families must be **trauma-informed**
- We must **prevent harm** in the first place whilst **disrupting harmful behaviour**
- We must **hold those who harm accountable** for their actions
- We must ensure that know they are **believed**
- We **address** victims and survivors **fears** about system generated reprisals
- We **recognise that sexual violence is the poor relation** to domestic abuse in terms of the strategic response and take bold steps to **address the imbalance**
- We must ensure we **support children and young people** as victims in their own right

# Our Principles

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We will work to the following principles and will proactively encourage and challenge others to do so:

1. Connect different parts of the system together to create a coordinated community response to domestic abuse and sexual violence
2. Hear and learn from people with lived experience
3. Be trauma informed and shame sensitive
4. Make the best use of existing resources and assets
5. Elevate, develop, and improve our responses to sexual violence.

When working with families, including those who are causing harm, a whole family approach will be taken to address the needs of each individual in the household.

## What We Want to Achieve

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From what people have told us, and the areas that have been highlighted for change, we have identified the outcomes that we want to achieve over the short, medium, and long term:

### Short term outcomes

- People understand that domestic abuse is not just physical and can occur in any intimate relationships
- People understand consent, and that rape and sexual assault can occur in intimate relationships.
- Victims and survivors know that they will be believed
- Victims and survivors know how and where to get advice on their options in a range of ways, that responds to what they say they need at the time
- The response to domestic and sexual violence and abuse is designed with victims and survivors, and informed by their lived experiences and needs

### Medium term outcomes

- Victims and survivors receive peer support and advice before, during and after their experiences to help them recover
- People who harm others by using domestic and/or sexual violence and abuse are identified and disrupted
- Professionals understand the impacts of DVA/SVA and trauma on victims and survivors and/or their families and the coping mechanisms they use to keep themselves and their children safe



- Professionals and statutory agencies understand the range of ways that people who harm use and continue to use coercive control and harassment to continue to abuse long after relationship has ended
- Professionals understand that coping mechanisms may be maladaptive and that someone choosing to remain in an abusive relationship does not mean they are complicit in the abuse

## Long term outcomes

- A greater range of local support is available for victims and survivors of sexual violence
- A coordinated system response is in place that breaks the cycle of abuse
- Support and interventions are provided via a mixed market of statutory and voluntary sector organisations
- Services and interventions are informed by a developing evidence base supported by robust data and monitoring of trends; including understanding why people who harm do and the typologies of harmful behaviour.
- The strategic system response to sexual violence is prioritised and continually evaluated to achieve parity with the DVA response

## Delivering the outcomes

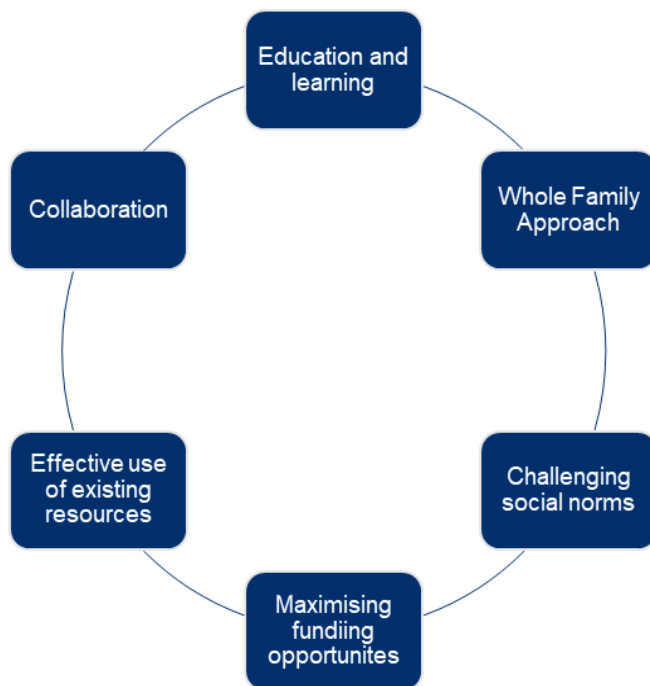
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“Be compassionate and hold people safely when they disclose”

Call to Action Project participant

Our outcomes are ambitious and challenging, particularly in view of the resource and capacity pressures that exist in our systems in the aftermath of the Covid-19 pandemic. However the impact of Covid-19 and other external factors that are influencing our economy will also be affecting people living with, and those who carry out, domestic abuse and sexual violence.

Investment in services alone will not address the fundamental issues that lie behind sexual violence and domestic abuse. Changing the way people think will, however this change in culture and beliefs will be slow and difficult. Central to our approach will be the following:



These fundamentals will flow through the five key activities that we will undertake to meet the outcomes we want to achieve:

1. Embed lived experience and co-production
2. Prevent victimisation and harmful behaviours
3. Identify victimisation and harmful behaviours
4. Disrupt harmful behaviour
5. Develop data and understanding

These key activities will form the basis of a Strategy Delivery Plan, which will be co-produced with multi-agency partners, services, and people with lived experience. Beneath each activity there will be a range of actions and workstreams designed to deliver the outcomes over the life course of the Strategy.

## Activity 1- Embed lived experience and co-production



We will:

- Develop mechanisms to hear and learn from people with experience of DA&SV, including children and young people
- Ensure contributions are recognised, valued, and appropriately reimbursed
- Utilise and build upon existing community assets

## Activity 2 - Prevent victimisation and harmful behaviours

We will:



- Grow the Healthy Relationships Education offer in schools
- Implement the findings from the Harmful Sexual Behaviour Project
- Frame awareness raising and communications in the context of relationships
- Develop and deliver the Bystander training offer across Torbay
- Increase the pool of DA Champions and White Ribbon Ambassadors
- Implement relational approaches across the system
- Challenge cultural norms and attitudes in respect of victims of sexual violence and domestic abuse

## Activity 3 – Identify victimisation and harmful behaviours

We will:



- Exercise belief and let victims know they will be and are believed
- Identify early people who harm others and work with them to address their behaviour
- Develop a skilled workforce that are confident in handling disclosures of DVA &/or SV and know what to do next (competency framework)
- Ensure that people working with victims and survivors of DVA & SV have an understanding of trauma (including the judiciary)
- Ensure that children and young people are recognised as victims and receive specialist support
- Ensure that services are inclusive and understand how DVA &SV may present differently amongst minority communities
- Establish simple pathways that easily connect services
- Ensure compliance with statutory requirements

## Activity 4 - Disrupt harmful behaviour

We will:



- Implement the MARAC review recommendations
- Establish pathways to support for those who harm others
- Ensure effective safety planning with focus on the person causing the harm
- Ensure a co-ordinated approach to disrupt the person causing harm whilst supporting the victim survivor and any children as part of a Whole Family Approach

- Focus on the person who harms, not the victim
- Develop peer support and recovery options in the community for victims and survivors including children and young people

## Activity 5 - Develop data and understanding



We will:

- Develop wider understanding of the different types of behaviour and motivations of those who harm to improve our system response to them and better protect victims and survivors
- Establish consistent data collection and monitoring including for protected characteristics and people with intersectional needs
- Establish a baseline dataset and evaluation to check how we are doing
- Consider a systems/case management system to improve reporting
- Develop a quality assurance approach to ensure the system response meets the needs and aspirations of all victims and survivors

## Monitoring and Oversight

The Domestic Abuse and Sexual Violence Executive Group (DASVEG) will be responsible for strategic oversight of this Strategy and delivery of the action plans. This group also acts as the statutory Domestic Abuse Local Partnership Board for the purposes of the Domestic Abuse 2021 Part 4 and the delivery of the associated Safe Accommodation Strategy.

The Domestic Abuse and Sexual Violence Operational Group (DASVOG) will be responsible for undertaking the work required in the Delivery Plan. This includes connecting with other agencies and practitioners and involving them in specific workstreams.

DASVEG reports into Torbay Community Safety Partnership, Torbay Children's Safeguarding Partnership, and the Health and Wellbeing Board.

## Review

The Delivery Plan will be kept under review to ensure that we are achieving our outcomes. As part of that review, consideration will be given to whether this Strategy remains fit for purpose. This will include consideration of the impact of any significant change in legislation or policy.

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This document can be made available in other languages and formats.  
For more information, please contact [saferrcommunities@torbay.gov.uk](mailto:saferrcommunities@torbay.gov.uk)

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