TORBAY COUNCIL

Wednesday, 23 February 2022

Meeting of the Council

Dear Member

I am pleased to invite you to attend a meeting of Torbay Council which will be held in **The Forum, Riviera International Conference Centre, Chestnut Avenue, Torquay, TQ2 5LZ** on **Thursday, 3 March 2022** commencing at **5.30 pm**

The items to be discussed at this meeting are attached.

Yours sincerely,

Anne-Marie Bond
Chief Executive

(All members are summoned to attend the meeting of the Council in accordance with the requirements of the Local Government Act 1972 and Standing Orders A5.)

Together Torbay will thrive

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June Gurry, Town Hall, Castle Circus, Torquay, TQ1 3DR

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

Meeting of the Council
Agenda

1. **Opening of meeting**

2. **Apologies for absence**

3. **Minutes** (Pages 5 - 9)

To confirm as a correct record the minutes of the meeting of the Council held on 9 December 2021.

4. **Declarations of interests**

(a) To receive declarations of non pecuniary interests in respect of items on this agenda

For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda

For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)

5. **Communications** (Pages 10 - 57)

To receive any communications or announcements from the:

- Civic Mayor – this will include the presentation of the Annual Report (2020-21) of the Virtual School Governing Body,
- Leader of the Council,
- Overview and Scrutiny Co-ordinator,
- Council's representative on the Heart of the South West Joint Committee, and
- Chief Executive.

6. **Petition - Make Hollicombe Beach Dog Friendly Year Round** (Page 58)

To note a petition, that has been submitted in accordance with Standing Order A12. At the request of the petition organiser, the petition has been referred directly to the Director of Place.

7. **Members' questions** (Pages 59 - 61)
To respond to the submitted questions asked under Standing Order A12.

8. **Revenue Budget 2022-2023** (Pages 62 - 130)
To consider the recommendations of the Cabinet on the Revenue Budget proposals for 2022/2023 and the Chief Finance Officer's Report.

Please note:

- Revenue Budget Digest 2022/2023; and
- Fees and Charges 2022/2023

Can be found at www.torbay.gov.uk/council/finance/budget/budget-202223/

9. **Capital Plan 2022/2023** (Pages 131 - 139)
To consider the recommendation of the Cabinet on the Capital Plan for 2022/2023.

10. **Capital Strategy 2022/2023** (Pages 140 - 167)
To consider the recommendation of the Cabinet on the Capital Strategy for 2022/2023.

11. **Treasury Management Strategy 2022/2023** (Pages 168 - 202)
To consider a report on the Treasury Management Strategy for 2022/2023.

12. **Review of Reserves 2022/2023** (Pages 203 - 219)
To consider the recommendation of the Cabinet on the Review of Reserves for 2022/2023.

13. **Council Tax 2022/2023** (To Follow)
To consider a report on the setting of the Council Tax for 2022/2023.

14. **Torbay Council Strategic Asset Management Framework** (Pages 220 - 284)
To consider the recommendations of the Cabinet on the Torbay Council Strategic Asset Management Framework.

15. **Torbay Council Annual Pay Policy Statement including Gender Pay Gap Report and Review of Pensions Discretions** (Pages 285 - 319)
To consider the recommendations of the Cabinet on the Torbay Council Annual Pay Policy Statement including Gender Pay Gap Report and Review of Pensions Discretions.

16. **Civic Mayor and Deputy Civic Mayor Elect**
In accordance with the Council's Standing Orders (A9.1) to select, the Civic Mayor-Elect and Deputy Civic Mayor-Elect for the 2022/2023 Municipal Year.

Meeting Attendance
Torbay Council has taken the decision to continue operating in a Covid-19 secure manner in order to protect staff and visitors entering Council buildings and to help reduce the spread of Covid-19 in Torbay. This includes social distancing and other protective measures (e.g. wearing a face covering (unless exempt), signing in and using hand sanitiser). Our public meetings will continue to operate with social distancing measures in place and as such there are limited numbers that can access our meeting rooms. Also, to help prevent the spread of the virus, anyone attending meetings is asked to take Covid lateral flow test the evening before - if you have a positive test result please follow the Government's guidelines and do not attend the meeting.

If you wish to attend a public meeting please contact us to confirm arrangements for your attendance.

TORBAY COUNCIL

Minutes of the Council
(Council decisions shown in bold text)

9 December 2021

-: Present :-

The Worshipful The Mayor of Torbay (Councillor Manning) (In the Chair)
Deputy Civic Mayor of Torbay (Councillor Mandy Darling)

Councillors Amil, Barrand, Barnby, Brooks, Brown, Bye, Carter, Cowell, Steve Darling, Dart, Douglas-Dunbar, Dudley, Ellery, Foster, Johns, Kavanagh, Kennedy, Law, Barbara Lewis, Chris Lewis, Long, Loxton, Mills, Morey, O'Dwyer, Stockman, Sykes, David Thomas, Jacqueline Thomas and John Thomas

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244 Opening of meeting

The meeting was opened with a prayer.

245 Apologies for absence

Apologies for absence were received from Councillors Atiya-Alla, Hill, Howgate and Pentney.

246 Minutes

The Worshipful the Mayor of Torbay proposed and Councillor Mandy Darling seconded a motion, which was agreed by the Council as set out below:

> **that the Minutes of the Extraordinary meeting of the Council held on 4 November 2021 be signed as a correct record by the Worshipful the Mayor of Torbay.**

247 Communications

The Worshipful the Mayor of Torbay welcomed Tim Eley to the meeting on behalf of Torbay in Bloom. Mr Eley gave a presentation on the Britain in Bloom South West Awards achieved for Torbay. On behalf of the Council, the Worshipful the Mayor of Torbay thanked all those involved who won awards for Torbay and for their excellent effort.

On behalf of the Council, the Worshipful the Mayor of Torbay also thanked all those residents of Torbay who undertook the London Marathon on 3 October 2021 raising money for charity, in particular:

- Scott Green who ran 250 miles from Torquay to Trafalgar Square leading up to the event, raising money for the mental health charity Mind; and
- Simon Singleton who, in addition to the London Marathon, had completed a number of marathons to raise money for UK hospices.

The Leader of the Council:

a) also thanked Mr Eley for his presentation and referred to the learning and opportunities arising from the awards which would enhance the Council's work with the community;

b) updated the Council on his attendance, as the Council's representative, at the Heart of the South West Joint Committee held on 1 October 2021 including:
- the appointment of Chairman (Councillor Cllr Val Keitch) and Vice-Chairman (Cllr Nick Kelly)
- Coastal Productivity work
- the impact in recent months on the South West's economy and that the region was one of the hardest hit by skills shortages e.g. HGV drivers and hospitality
- Housing Task Force and the issue of housing shortages;

c) referred to a recent meeting he had held with the Chief Executive and the Chief Executive of Live West to discuss opportunities for housing within Torbay;

d) thanked the Dartmouth Steam Railway for supporting the Christmas Train of Light trip for Torbay's vulnerable children and advised that this type of event progressed the Council's aspirations for a child friendly Torbay; and

e) referred to the 'pay for hour stay for the day' parking offer to support local businesses and encouraged members to support local businesses in light of the challenges they faced with the growth of online sales arising from the Covid pandemic.

248 Public question time

In accordance with Standing Order A24, the Council heard from Mr Nigel Hollyhead who had submitted a question in relation to reinstating the 'No Cycling' signs on Fore Street, Brixham. The Cabinet Portfolio Holder for Infrastructure, Environment and Culture responded to the question that had been put forward, plus a supplementary question asked by Mr Hollyhead.

249 Members' questions

Members received a paper detailing questions, notice of which had been given in accordance with Standing Order A13. The paper also contained the answers to the questions which had been prepared by Councillors Steve Darling, Law, Long, Loxton Morey, O'Dwyer and Stockman and was circulated prior to the meeting.

Supplementary questions were put and answered by Councillors Steve Darling, Law, Long, Loxton, Morey and O'Dwyer, arising from their responses to the questions in respect of questions 1, 2, 4, 7, 8 and 9.

(Note: In the absence of Councillor Pentney, Councillor Mandy Darling asked the supplementary question in respect of question 2.)

250 Thanks to the former Worshipful the Mayor of Torbay and her Escort for their term of office from 2019 to 2021

Councillor Amil proposed and Councillor Mandy Darling seconded a motion, which was agreed (unanimously) by the Council as set out below:

> **that the Council express its sincere thanks and appreciation to Councillor Douglas-Dunbar and her escort, Councillor Carter, for the manner in which they carried out their duties during their term of office from 2019 to 2021.**

The Worshipful the Mayor of Torbay then presented Councillor Douglas-Dunbar with the past Civic Mayor's badge.

(Note: this item had been postponed from the Annual Council meeting held in May 2021, due to the Covid pandemic resulting in the physical presentation of the past Civic Mayor's badge being unable to take place.)

251 Proposed Council Tax Support Scheme 2022/23

The Council considered the submitted report on a review of the current local Council Tax Support Scheme for 2022/23 and the recommendations of the Cabinet. Members noted that the Local Government Finance Act 2012 required local authorities to review their local schemes annually. The Council had a statutory duty to provide a local Council Tax Support Scheme for working-aged households. In addition, pension age households were subject to statutory provisions determined nationally, which had been incorporated within the Council's scheme.

Councillor Carter proposed and Councillor Cowell seconded a motion, which was agreed (unanimously) by the Council as set out below:

1. **that the Council Tax Support Scheme for 2022/23 be approved;**

2. **that Council notes the scheme for 2022/2023 includes the standard annual uprating of the personal allowances and premiums. These values take into account the statutory inflationary increase in personal allowances used to calculate entitlement to Council Tax Support. These allowances represent a households basic living needs;**

3. **that Personal Allowances and Premiums, used to calculate Council Tax Support, are uprated from 1 April 2022 in line with the**

prescribed Pensioner scheme and national working-age benefits, which are both set by the Government; and

4. **that the Chief Finance Officer be given delegated authority, in consultation with the Deputy Leader of the Council and Cabinet Member for Finance and the Cabinet Member for Corporate and Community Services, to make any further adjustments required to the Exceptional Hardship Policy and fund.**

252 Council Tax Base 2022/2023

Members considered the submitted report which set out the Council tax base for council tax purposes for 2022/23.

Councillor Cowell proposed and Councillor Long seconded a motion, which was agreed (unanimously) by the Council as set out below:

1. **that the calculation of the Torbay Council Tax Base for the year 2022/23 be approved as shown in Appendix 1 to the submitted report;**

2. **that the calculation of the Brixham Town Council Tax Base for the year 2022/23 be approved as shown in Appendix 2 to the submitted report;**

3. **that, in accordance with the Local Authorities (Calculation of Tax base) (England) Regulations 2012, the amount calculated by Torbay Council as its Council Tax base for the year 2022/23 should be 46,194.82; and**

4. **that, in accordance with the Local Authorities (Calculation of Tax base) (England) Regulations 2012, the amount calculated by Torbay Council as the Council Tax base for Brixham Town Council for the year 2022/23 should be 6,185.57.**

253 Gambling Act 2005 - Licensing Statement of Principles 2022 to 2025

Members received the submitted report and the Cabinet's recommendation on the Gambling Statement of Principles 2022 to 2025, that outlined the procedures by which the Council will follow under the Gambling Act 2005.

Councillor Carter proposed and Councillor Ellery seconded a motion, which was agreed by the Council as set out below:

that the Gambling Statement of Principles 2022 to 2025, as set out in the submitted report, be approved.

254 Decision to opt in to the national scheme for Auditor Appointments with Public Sector Audit Appointment (PSAA) as the 'Appointing Person'

The Council considered the submitted report and the recommendations of the Audit Committee on the appointment of the Council's external auditor for the 2023/24 accounts and beyond, within the national scheme for appointing auditors operated by Public Sector Audit Appointments (PSAA).

Councillor Loxton proposed and Councillor O'Dwyer seconded a motion, which was agreed by the Council (unanimously) as set out below:

> **that the Council accepts Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2023.**

255 Treasury Management Mid-Year Review 2021/22

The Council noted the review of Treasury Management activities during the first part of 2021/22, as set out in the submitted report.

256 Statutory Officer Appointment - Scrutiny Officer

The Council was requested to confirm the statutory appointment for the Scrutiny Officer.

Councillor Douglas-Dunbar proposed and Councillor Bye seconded a motion, which was agreed by the Council (unanimously) as set out below:

> **that the appointment of Teresa Buckley as the Council's statutory Scrutiny Officer be confirmed.**

257 Standing Order D11 (in relation to Overview and Scrutiny) - Call-in and Urgency

Members noted the submitted report setting out the executive decision taken (principles and publication of the first Torbay Bus Service Improvement Plan) to which the call-in procedure did not apply.

The Worshipful The Mayor of Torbay

TORBAY COUNCIL

Children's SERVICES
Transforming children's lives together

ANNUAL REPORT (2020-21) OF THE VIRTUAL SCHOOL GOVERNING BODY

NOVEMBER 2021

Torbay Virtual School

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Foreword by the Chair of the VSGB

I am delighted, as Chair of the VSGB, to write this introduction to the eleventh annual report of the VSGB. The purpose of the VSGB is to take the lead in ensuring that schools fulfil their responsibilities to Cared For Children and Young People and maximise their attainment and achievement and narrow the gap between our Cared For Children and their peers.

I hope you get from the Annual Report how determined we are to ensure our Cared For Children get the very best experience from their schools and the best outcomes they can achieve. The members of the VSGB are very clear that schools need to ensure that our most vulnerable learners are given every opportunity to succeed. This isn't about equality of opportunity but equality of outcome.

The Virtual School works in a very inclusive way. It also looks at the empirical evidence from research about where pupils learn and achieve best. It has a determination to have our children in the very best schools and to keep them in those schools no matter what.

Just as in the previous academic year we have seen a period of disrupted education and although schools were open for our learners throughout the year the impact of Covid and bubbles needing to be collapsed has meant continuity of learning has been interrupted.

In terms of our pupils' achievement this year it is again an unusual year. There are no national performance tables so comparisons can only be made with last year's data. There were no SATS so all of the data the Virtual School holds for the end of year is from teacher assessment. Our KS1 data sees an improving picture, but KS2 sees a dip in performance. Our KS4 data has improved in all measures.

Just at the end of the academic year the Department for Education informed all Local Authorities that it was extending the duties of the Virtual School Head to have strategic oversight of all children with a social worker. It is clear the DfE sees the positive impact of Virtual Schools on Cared For Children's outcomes and show a desire for the same for children on Children in Need and Child Protection Plans.

The Virtual School in Torbay provides a tremendous amount of support to our schools and as a result receives a tremendous amount of support from our schools and positive regard. We can never underestimate the power of relationships and partnership working.

I trust that the Annual Report will demonstrate our commitment and passion to our children.

Stuart Heron

Chair - TVSGB

The Virtual School

This is the eleventh annual report of the Virtual School Governing Body as the VSGB was formed during the academic year 2010/11. The Annual Report details the work of the Virtual School during the academic year and will highlight the educational performance of all of our Cared For Children and Young People and the wider work of the Virtual School.

The Virtual School (VS) was set up in 2010 and at that point consisted of a Head teacher (0.5 FTE) and a full time Advisory Teacher. Over the years through support of the Schools Forum and the Local Authority the staffing in the Virtual School now comprises of the Head teacher (0.6 FTE), 1 Primary CFC Teacher, 1 Secondary Maths Teacher, 1 Secondary English Teacher, an Inclusion Officer, a PEP Co-ordinator and a 0.5 Admin Officer. During the Summer Term it was agreed that the post of a KS4 Transitions Officer be added to the team so that there is a dedicated member of staff to oversee the important transition from Y11 to Y12 and then accompany them until their 18th birthday. Since 23 March 2020 the team has been working from home.

It should be noted that the VSGB has been instrumental in the increase of staffing in the VS as demonstrated by the addition of the KS4 post most recently. They have been supportive of the work and then used this support to challenge the LA to increase capacity in the VS.

The four key responsibilities of the Virtual School are:

1. To make sure there is a system to track and monitor the attainment and progress of Cared For Children.
2. To ensure that all Cared For Children have a robust and effective personal education plan and access to 1:1 support, including personal tuition.
3. To champion the educational needs of Cared For Children across the authority and those placed out of authority.
4. To provide advice and guidance to schools and parents/guardians of post Cared For Children and Young People.

The purpose of the Virtual School Governing Body sees it taking a lead in ensuring that schools fulfil their responsibilities to Cared For Children and maximise their attainment and achievement. The VSGB mirrors the role of school governing bodies in that it provides a strategic view, acts as a critical friend and ensures accountability. It also expects that all its members will be actively committed to the success of the Virtual School.

All of the data about the Virtual School contained in this report will be from the academic year 2020/21 with the obvious fact that they are all based on teacher assessment. For those in Y11, 12 and 13 they are nationally awarded qualifications.

The Virtual School consists of three groups of Cared For Children (CFC)

- All Torbay CFC who are educated in Torbay schools
- Torbay CFC who are educated in other local authority or independent schools.
- CFC from other authorities and educated in Torbay schools

The main focus of the work of the Virtual School relates to CFC who are of statutory school age but also includes those who are in Early Years settings and those who are post 16.

The school roll at the end of the academic year is shown in the table below:

Age group	**Total in Torbay Virtual School** **(A+B - C)**	All CFC in Torbay schools (A)	Torbay CFC in out of area schools (B)	Out of area CFC in Torbay educational provision (C)
Early Years	20	-	-	-
Reception	7	5	2	0
Year 1	10	9	2	1
Year 2	8	6	2	0
Year 3	14	12	5	3
Year 4	10	13	0	3
Year 5	14	9	5	0
Year 6	16	13	3	0
Year 7	25	17	10	2
Year 8	25	16	13	4
Year 9	26	17	12	3
Year 10	22	11	13	2
Year 11	36	21	19	4
Post 16	58	-	-	-
Total of statutory school age	**213**	**149**	**86**	**22**
GRAND TOTAL	**291**			

The number of CFC of statutory school age in the VS at the end of the academic year saw a decrease of 9 children. This builds on the previous year's reduction in numbers and continues the downward trend. Overall, there were 17 more young people in the grand total from the previous year with the increase being found in the post 16 and EY cohort.

OFSTED ratings for schools may change within an academic year. Where a school slips into RI or Inadequate the VS looks at each individual case and decides whether it is in the child's best interests to maintain their place at that school.

The VS continues to monitor the OFSTED ratings of the schools. At the end of the academic year there were 85% of our CFC in schools which were rated Good or Outstanding. This is an increase of 3.6% on the previous year. There was one child in an Inadequate school. This was a child in Y3 and the carer who was adopting the child did not want the child moved as the carer was very satisfied with the engagement of the child. This was a maintained special school located in an authority in the West Midlands. The VS SENCO paid close attention to this child's PEPS until the child was no longer cared for.

The VS staff ensure that social workers and the SEN Caseworkers are fully aware that applications for all children but especially Reception and Y7 should only be made to Good or Outstanding schools. Obviously the same is for mid-term transfers but these are discouraged due to the adverse effect on educational attainment.

Outcomes for Cared For Children (CFC)

The Department for Education only measures the educational outcomes of the children who have been cared for continuously for 12 months. For the performance measures for the academic year ending July 2021 the children whose outcomes are measured are those children who were cared for on 1 April 2020 and remained cared for until 31 March 2021. The progress and attainment of all the children in the Virtual School is important and therefore the data will be captured for the Continuous Care CFC and those who have been cared for outside of 12 months criteria.

The Virtual School measures educational attainment and progress for all Cared for Children. This is beyond the national expectation and allows accurate tracking and intervention. We do not believe the statutory focus on 12 months continuous care CFC is sufficient.

Data is captured termly. Nationally reported data is for those in care from 1 April 2019 – 31 March 20.

Headlines:

1. In Reception – there is a downward trend and below the 2019 national CFC outcomes. This is a small cohort of 5 and based on teacher assessment and it should be noted that 2 children achieved GLD which was the same number in the previous academic year.

2. At Key Stage 1 – It has been a successful year. There is an upward trend in reading and maths and it is just over the national CFC outcomes for 2019 in those areas. In reading and maths our Cared For Children achieved above the all Torbay figure. In Writing the CFC achieved in line with the last year's CFC data. The reading, writing and maths (RWM) outcome was 0.7% below the all Torbay pupils' figure and almost 13% higher than the all CFC figure for 2019.
3. At Key Stage 2 – there is a much weaker position when comparing with last year's data. Consequently the combined RWM outcome is 21% below the all Torbay pupils data and 3% lower than the national CFC outcome for 2019.

4. At Key Stage 4 - there was an expected upward trend in all measures with only the strong pass in English being below the national CFC from 2019 by 2%.

5. Key Stage 5 – there was a smaller number taking A levels and other L3 qualifications than the previous year. The number of Y13 achieving a L2 qualification increased by 14% but this was to be expected due to a smaller number following a L3 qualification.

6. There are 9.3% of our Care Experienced young people now at an HEI and increase of just under 3%. This increase is due to a small number achieving entry requirement in Y14.

7. Exclusions – there is an increase on the number of pupils experiencing a fixed term exclusion with 13.9% of our children. This is against a backdrop of rising exclusions for all pupils. There was 1 Permanent Exclusion for a CFC.

8. Attendance – the attendance rate had a drop of 10% on the previous year and this is attributed to Covid absences.

End of Year Results:

For the children at the end of Reception, the end of Key Stage 1 and Key Stage 2 the following results would, in normal circumstances, be national results and published by the DfE for those in continuous care. However, just like 2020, this academic year has not been a normal year and national tests or publishing results were abandoned. There are national results for GCSE and A Levels and BTECs but there will be no performance tables for comparison. This means the only comparison can be trend data from previous years as well as expected outcomes based on Key Stage 2 data for those in Y11. For all other year groups the results are taken from the attainment data from each child's summer term PEP.

Reception: At the end of the year there were 7 children in this year group. There were five children in the continuous care cohort with two on track to achieving a Good Level of Development.

Key Stage 1 - Year 1: There were 5 continuous care children in this year group with 11 Torbay CFC in total. The children should be at ARE (age related expectations) at the end of Year 1. The table below shows the number of children on track to achieve at least ARE in Reading, Writing and Maths.

In the continuous care cohort there was one child with EHCPs with Cognition and Learning as the primary need who attends a special school.

	Reading	Writing	Maths
Less than 12 months CFC	1	1	1
Continuous care CFC	3 (60%)	3 (60%)	3 (60%)

Year 2: There were 7 continuous cared for (CFC) children in this year group but with 9 Torbay CFC in total. The children are expected to be at the Expected Standard by the end of this year. The table below shows the number of children who were on track to achieve the Expected Standard in Reading, Writing and Maths if they had taken SATs. One CFC child was on track to achieve a Greater Depth judgement in Reading and Maths with one child in the CFC cohort working above ARE in Reading but not quite at Greater Depth.

There were 3 (49.8%) of the continuous care cohort who reached ARE in all three measures.

There is one child in the continuous care cohort who has an EHCP with Cognition and Learning who attends a mainstream school. This is being reviewed through the SEND processes as the progress gap is widening with the child's peers.

	Reading	Writing	Maths
Less than 12 months CFC	0	0	0
Continuous care CFC	5 (83%)	3 (49.8%)	4 (66.4%)

Key Stage 2 - Year 3: There were 12 continuous cared for children in this year group but with 15 Torbay CFC in total. The children are expected to be at ARE by the end of this year.

The table shows those children on track to achieve at least ARE by the end of the year in Reading, Writing and Maths.

	Reading	Writing	Maths
Less than 12 months CFC	0	0	0
Continuous care CFC	5 (41.5%)	4 (33%)	5 (41.5%)

There were 6 children with EHCPs. One for Cognition and Learning and five for SEMH with only one in a mainstream school.

Year 4: There were 10 continuous cared for children in this year group but with 11 Torbay CFC in total. A child is expected to achieve at least ARE by the end of this year.

The table below shows those children on track to achieve at least ARE by the end of year in Reading, Writing and Maths.

	Reading	**Writing**	**Maths**
Less than 12 months CFC	0	0	0
Continuous care CFC	8 (80%)	6 (60%)	7 (70%)

In the continuous cared for cohort there is 1 child with an EHCP. This is for SEMH and the child attends a mainstream school.

Year 5: There were 13 continuous cared for children in this year group with one CFC of less than twelve months. A child is expected to achieve ARE at the end of this year.

The table below shows those children on track to achieve at least ARE by the end of this year.

	Reading	**Writing**	**Maths**
Less than 12 months CFC	0	0	0
Continuous care CFC	7 (54%)	6 (46%)	9 (69%)

There are five children in the continuous cared for cohort with EHCPs with four as SEMH as the primary need and one for Cognition and Learning. Three of the children with SEMH are in mainstream schools with two children being in special schools

Year 6: There were 15 continuous cared for children but with 18 children in total. This is the end of KS2 and in a normal year the children would sit their SATS in May. This was not the case this year. A child is expected to achieve Expected Standard in Reading; Writing; Grammar, Punctuation and Spelling; and Maths.

The following table shows those children assessed by their school as being on track to achieve at least Expected Standard in their SATS:

	Reading	**Writing**	**Maths**	**ES in Reading, Writing and Maths**
Less than 12 months CFC	0	0	0	0
Continuous care CFC	8 (52.8%)	7 (46.2%)	6 (39.6%)	5 (33%)

Whilst there is a focus through the PEP on ensuring there are interventions for each child to achieve ARE during Y6 the PRIM (performance review and intervention meeting) process commences. This sees a greater focus on individual children and will see the Primary CFC Teacher undertake interventions where necessary with individual children. When the child is placed out of area this will see the Primary CFC Teacher making individual contact with the DT to ensure that interventions are put in place and that the focus is one which meets need.

In the continuous cared for cohort there are six children with EHCPs. Of these two are in mainstream school settings and the other four in special school settings. Five have their primary need as SEMH and one as Cognition and Learning.

One continuous cared for child was assessed as Greater Depth in Maths.

Key Stage 3 (Years 7, 8 and 9)

Year 7: There were 20 continuous cared for children but with 25 children in total. Again children need to achieve Age Related Expectations.

	English	**Maths**
Less than 12 months CFC	1	1
Continuous care CFC	7 (35%)	10 (50%)

There are 6 children with EHCPs in the continuous care cohort with only 1 of the children in a specialist setting. Of the 6 there is one child with Cognition and Learning as the primary need. The remaining five have SEMH as their primary need.

Year 8: There were 23 continuous cared for children and 25 CFC in total in this year group. The minimum expectation would be ARE. The table below shows the children who have achieved at least ARE.

	English	**Maths**
Less than 12 months CFC	2	2
Continuous care CFC	10 (43.4%)	11 (47.7%)

There are 10 children with EHCP in the continuous cared for cohort with five having Cognition and Learning as their primary need and five have SEMH as their primary need. Six of these children are educated in special school settings.

Year 9: There were 22 continuous cared for children and 25 Torbay CFC in total in this year group. Again the minimum national expectation is ARE by the end of Y9. The table shows the children who achieved at least ARE by the end of the year.

	English	Maths
Less than 12 months CFC	2	2
Continuous care CFC	8 (36%)	8 (36%)

There are eleven children with an EHCP in the continuous cared for cohort. Seven are in specialist schools with four in mainstream schools. Five of the children have cognition and learning as the primary need and six with SEMH as their primary need.

It should be noted that some schools are now choosing to commence GCSE courses in Y9. This now means that school will report attainment either as above, on or below ARE or as a GCSE grade. When commencing the GCSE course it is essential that the VS also receives the end of KS4 target to ensure the child is on track.

Key Stage 4 - Year 10:

There were 22 continuous cared for children and 23 Torbay CFC in total in this year group. At the start of the year targets for the end of KS4 were set from each school's Fisher Family Trust (D) data set. This data set uses prior attainment data and contextual factors to predict outcomes that a young person should achieve in line with the top 25% of students in similar contexts. Using this data 12 children should achieve at least a Grade 4 in English and 11 children a Grade 4 in Maths.

The table below shows the attainment at the end of Y10:

	English Grade 4+	Maths Grade 4+
Less than 12 months CFC	0	0
Continuous care CFC	8 (36%)	8(36%)

Through the PEP process for these children not on track to achieve their predicted grade interventions will be put into place.

There are 12 continuous cared for children with an EHCP. Of these children 4 have an EHCP with Cognition and Learning as the primary need with 8 with SEMH as their primary need. Of these six are in mainstream schools. One of the cohort has been educated in a Young Offender Unit.

The child who became cared for in this year had not attended a school for a considerable time. A bespoke programme was created and he is on roll at a mainstream school in the Bay.

It should also be noted that one of the continuous care group is on track for Grade 7, 8 and 9 across all subjects. This young person has an aspiration to study medicine and attends one of our non-selective schools in Torbay.

Year 11/ End of Key Stage 4: There were 33 continuous cared for young people and 36 Torbay young people in total in this year group. In a normal year the DfE would publish the end of KS4 results for the continuous care group and OFSTED would scrutinise them during inspection. However I have no benchmark to measure this cohort against other than previous years as well as whether they met their targets based on their KS2 result. The following table gives details of the end of KS4 results for the continuous care young people.

	5A*-C or Grade 4+ including E&M	**5A* - C**	**EBACC**	**Grade 4+ (or C+ pre 2017) in E & M**	**Grade 4+ (or C+ pre 2017) in English (Lit or Lang)**	**Grade 4+ (or C+ pre 2017) in Maths**
Torbay CFC 2021	24.2% (8)	27.2% (9)	3.03% (1)	27.2% (9)	42.4% (14)	30.3% (10)
Torbay CFC 2020	25% (5)	30% (6)	5% (1)	20% (4)	40% (8)	25% (5)
Torbay CFC 2019	14.3% (4)	14.3% (4)	7.1% (2)	14.3% (4)	32.1% (9)	21.4% (6)
Torbay CFC 2018	33.3% (7)	33.3% (7)	0	38.1% (8)	42.8% (9)	38.1% (8)
Torbay CFC 2017	13.6% (3)	22.7% (5)	4.5% (1)	13.6% (3)	22.7% (5)	27% (6)
Torbay CFC 2016	13.3%	13.3%	0%	20%	27%	27%
Torbay CFC 2015	14%	14%	0%	14%	18%	18%
Torbay CFC 2014	0	8%	0%	8%	20%	8%

Based on KS2 SATS results 17 (51.5%) young people in this cohort should have achieved at least a Grade 4 in English and 15 (45.4%) in Maths. It is, therefore, disappointing that they didn't achieve in line with the predictions from KS2. This underachievement, however, also needs to be seen in the context of the Stability Report which looks at placement moves and types of accommodation or school which may adversely affect outcomes for our young people.

Comparing the data over the previous seven years the outcomes this year are better than six of the years when outcomes were roughly in line with the national CFC figure (other than 2014) with the exception of 2018 when we were amongst the best CFC results in England. This year's results showed an upward trend.

There are 16 children with EHCP in the continuous cared for cohort and 12 of these either attended specialist provision or were on bespoke programmes.

The main points are that the results were pleasing this year and there were no major surprises. One of the Y11 who underperformed saw placement moves in Y10 and 11 and this saw a pattern of school refusal. This young person was supported with a programme to ensure engagement in Y12. Two children had managed moves to a PRU in Torbay and underperformed on their KS2 data. It should be noted that one child in an out of area PRU performed at the KS2 predictions.

All of this year group had Y12 plans in place by the end of their academic year in June.

Key Stage 5 (end of Y13)

Our performance at the end of Y13 is very different from the previous year but far fewer were studying L3 qualifications. This relates to the fact that more were taking L2 qualifications as a result of not reaching Grade 4s when they took their GCSEs two years earlier.

Attendance

The Virtual School wants all children to have the best possible attendance at their individual schools to enable each and every child to reach their full potential.

There is a strong link between good school attendance and achieving good results for children. Children who frequently miss school may fall behind in their work which may affect their future prospects. Good school attendance also shows future employers that a young person is reliable, more likely to achieve well and play a positive role in their community.

Very often, prior to children becoming cared for their attendance at school has been poor although not in all cases.

As of September 2015 the Department for Education (DfE) announced that any student whose attendance falls below 90% will be classed as a Persistently Absent student. Therefore, if a student misses 19 or more days over an academic year they will be classed as Persistently Absent.

The DfE say…"If over 5 academic years a pupil has attendance of 90% the child will miss a half of a school year, that's a lot of lost education."

The Virtual School promotes good attendance through ensuring foster carers have due diligence to good attendance as well as the children's social worker. Contact is made with children whose attendance has been a concern prior to coming into care to check what issues may have prevented good attendance. From the information received a plan will be written which will have action for all parties, the child, the school, the carer, the Social Worker and the VS. We all expect children to be at school unless the child is seriously unwell.

Each term the VS celebrates excellent attendance with the issuing of a certificate and for those with 100% attendance a book token. There are also attendance awards at our Annual Celebration of Achievement.

Attendance is now collected daily for all children but for those for whom there is a concern this is done on a twice daily basis. The Virtual School commissioned a service called WelfareCall to obtain the daily attendance of all our children no matter where they go to school and that by commissioning this service it means that our children, no matter where they go to school, have a focus on excellent attendance.

<u>Attendance Key Points</u>

1. After each data drop attendance was RAG rated. The RAG is as follows:
   GREEN = 95% and above
   AMBER = 91% - 94%
   RED = 90% and below.

   The Inclusion Officer collects the reasons for an absence in school and will know if it is due to illness or otherwise. Analysis of the absences looks for patterns. The VS has a policy of no holidays in school time for our CFC unless it is a school based activity and part of the school curriculum.

   If a child is rated as a RED the Inclusion Officer will contact all parties in order to formulate a plan around improving the attendance. When a child is rated as AMBER contact will be made with all parties to say the child's attendance rate is a concern and an expectation will be set for improvement.

2. The attendance figures in this report are for the children who have been in continuous care for 12 months and are for the complete academic year including the Spring Term (lockdown).

3. Five years ago, attendance was a focus area for improvement and since then the attendance has improved incrementally. This year, however, the attendance has seen a significant dip of almost 10%. Whilst some of this relates to Covid we have experienced children refusing to attend their provision. This has in two cases been as a result of experiencing placement moves with one child in Y10 and one in Y11. It will be necessary to ensure that attendance becomes a focus especially when considering placement moves or changes in status.

4. There has been a massive increase in the number of children characterised as Persistent Absentees (PA) on the previous year's figure of 10. This year there were 73 children and young people categorised as Persistent Absentees. Whilst the majority of these will be explained by illness through Covid and by the change in coding for children for whom school was open during lockdown but didn't attend. This saw them get an unauthorised absence mark.

5. During the Spring Term (during lockdown) our attendance figures overall were 64.6% in January, 67.4% in February and 89.4% in March.

6. Attendance will continue to be a focus not only for the VS but also foster carers and the child's social worker as children need to be in school to benefit from it.

	Primary	Secondary	Overall
Attendance 2021			**85%**
Attendance 2020	95.3%	94%	94.8%
Attendance 2019	97%	90.15%	95%
Attendance 2018	97.5%	94%	95%
Attendance 2017	97.5%	95.1%	96%
Attendance 2016	96.8%	94.7%	95.7%
Attendance 2015	97.99%	93.33%	95.7%
Attendance 2014	92.34%	92.36%	92.35%

Children on Part-time Timetables

During the academic year there were eleven children on part-time timetables at some point during the year. Of these seven were children in the continuous cared for cohort. Eight of the children had an Education, Health and Care Plan for SEMH.

All part-time programmes are closely monitored by the Inclusion Officer in order that a timely return to full time education is achieved. If a child has an EHCP the SENCO also has a monitoring duty to ensure the rigour of the programme and will attend all PEPS.

Children not on a School Roll

The following table shows the number of children not on a school roll during this academic year. All of them had an EHCP and SEN were either unable to identify provision or there was a need for a bespoke programme. Unless otherwise stated their programmes were between 20 – 25 hours per week.

	Last on Roll	Plans	Care Status	Latest care episode
Child 1 Y8 EHCP	12/04/2021	Moved to Caerphilly. SW has now completed application for mainstream school but she will access The Hive (alternative provision). This is available now but yp is not emotionally well enough to access education out of the home. Tutors x 2 hours daily	S20	26/02/2021
Child 2 Y11 EHCP	27/03/2020	Was at SFIT, then a EOTAS programme was put in place for his final term – tutoring and Outdoor Activity. Place at SDC in September	S20	23/04/2021
Child 3 Y11 EHCP	01/04/2021	Moved out of area by social care. No school could meet need this late in Y11. EOTAS package – tutoring and sports activity. Taunton and Bridgewater College and AEC from September	S20	17/06/2019
Child 4 Y11 EHCP	20/07/2020	Placed in Crisis placements. Moved to Kirklees – January 2021 and has been working with tutors and employability Solutions Kirklees College in September	S20	12/10/2018
Child 5 Y11 EHCP	24/02/2021	Moved to Kent. Kent Mentoring Service worked with yp Broadstairs College in September	FCO	06/10/2011

Child 6 Y11 EHCP	21/07/2020	Specialist independent school could not meet need. EOTAS package created. Bicton College in September	FCO	08/11/2013
Child 7 Y11 EHCP	20/05/2020	Special school could not meet need. EOTAS package including tutoring and vocational course. SDC in September - hairdressing	S20	22/07/2013
Child 8 Y11 EHCP	30/04/2020	Moved back to Torbay. EOTAS package. Wants to move out of area so has not completed any applications for college	FCO	14/09/2018

Exclusions

There continues to be a focus on finding alternative sanctions rather than exclusion. Again the rigour the VS has with attendance monitoring means that exclusion figures are accurate and timely.

During the academic year 30 children were subject to fixed term exclusions (FTX). This would be an exclusion rate of 13.9%.

The following table gives more detail about the exclusions:

Year Group	Cared For 12+	Torbay/Out of Area School	Number of Occasions	Number of sessions excluded (2 sessions = 1 day)	M/F	EHCP
Year 11a	Y	Out of area	2	5	M	SpLearning
Year 11b	Y	Torbay	1	6	F	No
Year 11c	Y	Torbay	1	1	F	No
Year 11d	Y	Torbay	4	14	M	SEMH
Year 11e	Y	Torbay	1	4	F	No
Year 11f	Y	Torbay	3	5	M	No
Year 11g	Y	Torbay	2	4	F	No
Year 11h	N	Torbay	2	4	M	MLD
Year 10a	Y	Out of area	14	25	F	RSA
Year 10b	Y	Torbay	1	1	M	No
Year 10c	Y	Out of area	1	4	F	No
Year 10d	Y	Torbay	5	9	M	SEMH
Year 10e	N	Out of area	2	13	M	No

Year 9a	Y	Torbay	3	22	M	SEMH
Year 9b	Y	Torbay	3	10	M	SEMH
Year 9c	Y	Out of area	4	12	M	SEMH
Year 8a	Y	Out of area	5	20	F	No
Year 8b	Y	Torbay	1	6	M	SEMH
Year 8c	Y	Out of area	1	14	F	No
Year 8d	Y	Torbay	1	6	F	No
Year 8e	Y	Torbay	1	4	M	No
Year 8f	N	Torbay	2	20	F	No
Year 7a	N	Torbay	7	24	M	RSA/SEMH
Year 7b	Y	Out of area	2	16	M	SEMH
Year 7c	Y	Torbay	1	10	F	No
Year 7d	Y	Torbay	2	8	F	SEMH
Year 7e	Y	Out of area	3	12	F	SEMH
Year 6a	Y	Torbay	1	6	M	RSA/SEMH
Year 6b	Y	Out of area	2	6	M	SEMH
Year 3a	Y	Torbay	1	3	F	RSA/SEMH

One continuous care child was subject to a Permanent Exclusion (PX) in July 2021. This was an out of area school. This was despite intensive support with the school who were reticent to engage with the VS on numerous occasions. The school's LA also did not assistant in securing a PRU place to avoid the PX. As with all PXs our policy is to appeal any PX which was done on this occasion. Unfortunately despite the a robust appeal the Panel appointed by the school upheld the school's decision. It should be noted that the VS's Inclusion Officer secured a PRU place as soon as the PX was instigated despite the home LA saying this was not possible.

The Virtual School ensures that all schools follow the DfE's guidance on exclusions and will not allow any unofficial exclusions to take place for a Cared For Child.

The cases below highlight the work undertaken to avoid exclusions.

<u>Case Study Y7a</u>

Became Cared For on 5 October 2020.

Fist PEP evidenced that on CP Plan when commenced in Y7; attendance 80%; improvement needed in positive attitude to learning and adults.

Very distressed on entering care as not placed with 5-year-old sibling.

School had already identified that extra support needed – this included time out card; a tangle and regular check in/outs with one key member of staff.

First PEP identified support needs – Team Around the Child approach based on attachment and trauma informed practice – Team 'Billy' – as young person desperate for attention and without it unable to regulate his disappointment. Also identified adult need to co-regulate with young person in order to support. Strategies around time out card discussed.

Educational Psychologist referral to be made as possible concerns about gaps in learning/literacy and speech and language. Possible referral to WAVE project. Covid meant WAVE project postponed.

Young person not showing any concerning behaviours in his new home and carers have not experienced the dysregulation seen in school.

Regular updates between Inclusion Officer and Designated Teacher in school. These discussions included strategies based on attachment and trauma informed practice.

Also discussed amendments to timetable in order to find activities which would promote self-worth. Young person reluctant to take part even with support from VS and Carers felt that the interventions would not work if young person would not engage. VS felt that Carers may have been able to influence positive engagement but just really wanted young person in school.

By January a part-time timetable was in place – again to try to shift to positive engagement.

School submitted a Request for Statutory Assessment.

Reluctantly the VS enquired about a PRU placement as small groups may have provided an opportunity to get alongside the young person. Eventually an Assessment Place at Brunel was agreed following a meeting at the PRU.

Young person commenced at Brunel week beginning 8 March and then full time from 15 March. The child's social worker was not convinced a place at Brunel was best for the young person. This was also echoed by the carers.

Young person engaged well at Brunel. During his time a draft EHCP was issued, and SEN consulted with all mainstream schools in Torbay. All responded by saying they could not meet need. This meant that young person remained at Brunel and went on their roll.

Two exclusions were experienced in the last two weeks of term. These were both for racist abuse and occurred when a sustained period of racism to a member of staff at the school was being seen.

Case Study Y8a

At start of Y8 moved to a Connected Carer. Despite a good link with her Y7 school the new carer, young person and SW determined for a school move for a fresh start. VS reluctantly agreed but did not consider the move or choice of school in young person's best interests. In order to support the transition in the Autumn Term the young person had some sessions at the YMCA in order to give some emotional support around the move but also recognising the impact of COVID. A referral was made to the Educational Psychologist as there had been some concerns in the summer term. The young person also continued to see the school counsellor. All discussed at the Autumn PEP in the original school. Carer did not attend but agreed that a Planning for Success meeting be held at the new school ASAP.

Evidence also that maintaining friendships is an issue and that social media is a big factor in this.

At Planning for Success meeting new school expressed concerns about the support for the young person due to impact of Covid and young person's presentation. VS agreed a short intervention at CHANCES be commissioned by the new school in order to aid the transition and provide some positive impact.

Young person had good engagement at CHANCES but the intervention was longer than anticipated due to Covid.

The VS always had a representative at PEPS in that both the Inclusion Officer and Specialist Teacher attended them. Both staff members provided the mainstream school opportunities for talking about behaviours which they found difficult to understand. Again this had an attachment and trauma focus. School felt that the carer was not as supportive as they would have expected for a Cared for Child. This was shared with Fostering. There must also be recognition that after a change of Social Worker there was excellent engagement with the young person and social worker and there was a real focus on ensuring a positive engagement with education. The YP is now in a home with different connected carers and this appears to have provided some stability.

Case Study: Y10a

The child became Cared For in January 2019. A foster home was found in Torbay and Child Y10a remained at her Torbay school. There was one Fixed Term Exclusion (FTX) in March 2019 for not following instructions. The PEP evidenced a good start to Y9 and there was one FTX in February 2020. By the Autumn Term the child had moved into a new foster home in Falmouth. The plan was for a short-term placement while connected carers who live in Torbay were assessed and therefore Child Y10a remained on roll at her Torbay school but became a guest pupil at a school in Falmouth. The Torbay school continued to lead on the PEP process as we all were assured that the child would return. There was a FTX in November 2020 for not following instructions. Unfortunately, the foster carer gave notice and Child Y10a was moved to a new foster home. At this point the assessment of the connected carer came back as negative. It should be remembered that much of this took place during the Covid period from March 2020.

Following the move to another carer the decision was made to look for a permanent new school and there were two possibilities. A small rural school and a larger one in not such a rural area. The carer and social worker both felt the smaller school would suit Child Y10a. The VS were not so convinced as larger schools tend, although not always, to have better pastoral support.

Very detailed support was offered by the VS to the new school:

9/3/21 – On roll at Devon school and Planning for Success meeting held. School wanted to move Child Y10a to Y9.

12/3/21- FTX: Mobile phone- used on 3 occasions and refused to hand over. Escalated from here. Refusal to follow instructions. Not follow school rules. Internal isolation for 1.5 hours which she refused so FTX- 1 day.

15/3/21- Readmission meeting. School said it was not appropriate for us to join the meeting (2 VS staff ready to log on), so VS offered support via social worker to the school: -fund an intervention service to support SEMH needs if necessary such as SWISS and Evolve - offer a twilight session for all her specific teaching and support staff on her trauma tree to build empathy and understanding (history of trauma and losses) - offer an intro to attachment training session for all staff - also asked social worker to ask school how they can support SEMH needs

18/3/21- FTX - not attending lessons. Refused to go into lessons. Refused all offers of support. Seemed very calm. Was not rude. Defiance. School could not reason with her. School offered different options of where she could go and who she could work with. Now she can go to see Miss Jordan at the start of lessons if she feels she cannot go in. VS Teacher explained this could be anxiety based.

23/3/21- Torbay Protocol for Admissions and Exclusion sent to the school 23/3/21- PEP and email to ask Do you have any regular timetabled SEMH support that Child Y10a would be entitled to such as Thrive, or attachment-based mentoring, or Theraplay Informed Practise or something similar? Most cared for young people are offered this but it varies from school to school what support is in place. VS also fund a service but need to talk to you about which one as all schools have their preferences. As she has received 2 FXTs, we really need to put our heads together to work out what support we can offer and VS and school to plan emotional support

23/3/21- EP referral sent in

24/3/21- FTX: Child Y10a has been defiant and refused to engage with school today. She refused to attend her lessons this morning and also refused the alternative to this which was a safe space in the HOH room working in isolation as per our procedures. This was discussed with her and explained why but she refused to comply with the rules. VS Teacher then offered her the opportunity to work with a TA for the remainder of the day where she would receive 1:1 support and could access the work from her lessons and remain on track with her work. Child Y10a again refused to engage with anything that is being offered. School informed VS of FTX and we replied in an email to say we can discuss offering SEMH support: The interventions and services we could discuss are listed here. We talked about some of these on the phone:

-Teaching Assistant to work with her in school

-1-1 Tutors to work with her in school (child has requested this in her views)

-SWISS- Activity based therapeutic youth work

-Evolve/Adelong- Activity based therapeutic youth work. Can have outdoor education focus.

-Inspire- Activity based therapeutic youth work

-Horse Resource- Therapeutic Horsemanship

25/3/21 – FTX – no info as to why

24/3/21 or 29/3/21- Part time timetable started by school at some point in this week but date not clear. VS not notified so could not offer further support yet

31/3/21 - meeting to discuss education in light of FTXs: school said Child Y10a had been on a part time timetable for 1 week already. Planned to use SEMH support service, build timetable back up and offered to fund a Teaching Assistant. Offered training dates again for attachment intro for staff and for trauma tree work

1/4/21- VS contacted Evolve/Adelong for info about SEMH support for her but they could not work in this location

Easter holidays

20/4/21 – Contacted Inspire South West for info about SEMH support service for her

26/4/21- Part time timetable form received saying part time program started on 19/4/21 but it started before the Easter holidays, but VS not notified until meeting on 31/3/21. 3 hours a week per day in school. School acknowledges her high emotional needs and needing a go to person out of lessons but in school. Concern expressed about using extraction service where she is out of school due to potential issues with reintegration

27/4/21- VS Head agreed to fund Teaching Assistant for Child Y10a and corresponded with school

27/4/21- FTX according to above

5/5/21- FTX initial uniform issue and then her response- refusal to follow staff instructions

6/5/21- Request from VS for conversation that happened around FTX to see if we could offer Attachment Aware and Trauma Informed responses to Child Y10a and see how she responded to current staff language. Not received. Requested school send us dates and times for trauma tree work

18/5/21- Head rang to discuss concerns ahead of PEP of 25/5/21. We discussed if this was a protocol meeting or not and he said it would be – child at risk of PX.

20/5/21- VS staff visit Child Y10a home as not timetabled in school until afternoon. Invited to school but both had prior appointments that they needed to return to Torbay for. Child had a timetable of support that had been given to her.

25/5/21- PEP – PX not mentioned by school at all. Positive PEP where DT talked about support they could offer and discussed new timetable with TA support and Teacher support. VS asked DT to check with Head he was happy with this plan and to give child time to engage with support offered. Email following up PEP and asking school for dates for attachment training and trauma tree work.

27/5/21- Seen EP at school (EP offered 2 earlier dates 14/5/21 and 24/5/21) but did not receive a reply and asked us to chase a response)

31/5/-21-6/6/21 Half term

11/6/21- Tracey Powell started attachment intervention with child

17/6/21- Child isolating due to Covid and during this time she received bad news in relation to her care plan and not going home that she was devastated by and school informed on this date and with detailed info on 20/6/21 about decision making on care plan. Email chasing dates school want training and attachment support info on child and school replied asking for dates in the 1st 2 weeks of July.

21/6/21- EP report received

22/6/21- PEP meeting and email sending dates we can offer training in July.

23/6/21- FXT- the incident was her on the phone in the loo and a TA asking her to come out to which she replied "give me a minute" - then rushing her and getting the response "f*** off".

25/6/21- FXT- The incident happened while preparing for PE (a class she enjoys). She was told to get changed but explained that she wanted to change in private (which is what she has always done in the past) and was waiting for the loo (which was occupied). She was told that she couldn't and had to change now. She refused and was then told to leave the lesson; she went to the "safe space" and was again challenged to do some alternative work (not with her TA or other staff member that she trusts) and refused.

26/6/21- Social worker emailed school with info from Wellbeing Practitioner that Child Y10a is having suicidal thoughts.

1/7/21- Education review meeting with the Head: lots of issues raised re: Child Y10a but support discussed, and Head said he was committed to her and the school were not going anywhere. During meeting, child had refused to attend lessons and was in staff area. However, PX not mentioned in the meeting. Phone call received shortly after the meeting to say child was being PXed.

Torbay VS Inclusion Officer contacted Devon VS re alternative provision and was informed all were full. The Inclusion Officer contacted the PRU and was told there were spaces. As no support was forthcoming from Devon it was agreed that it was in Child Y10a's best interests to attend the PRU and we would appeal the PX.

School Case Study

Through negotiations with a Designated Teacher and through data analysis the Inclusion Officer and VSH provided extra support to a local school in order to improve their practice around attachment and trauma. The support ensured that at least one Cared For Child (Y11) was not permanently excluded or moved onto an alternative programme although one child (Y7) needed an assessment place at a special school and now attends there full time.

Staff have been able to attend our Attachment Training and Support Groups.

The support included providing advice and support on creating and equipping a Calm Room; working with the subject teachers of our cared for children in order to understand their journey as well as to enable staff to hear of positive aspects of school life for the child as well as looking at strategies for working with a child's attachment style; supporting the DT to challenge practice which was not trauma informed as well as advice on individual children when the school felt they had become 'stuck'.

Impact – as stated earlier one child was not Permanently excluded and was not sent to an alternative provider or moved on to a part time timetable. This proved positive not only for the child but also the school. Children who we thought may struggle with being in a mainstream school are benefitting from a school whose strategies around attachment and trauma have improved and they are enjoying their time at school. The VS will continue to monitor exclusions as well as provide advice and guidance to this school (as we do for all schools).

Special Educational Needs

Torbay has a higher percentage of all pupils with SEN in particular those with Education Health Care Plans. This is also reflected in the number of CFC with special educational needs in the Virtual School.

At the end of the academic year there were 84 children, of statutory school age, with EHCP's in the Virtual School. This sees 39.4% of the VS's school population being subject to an EHCP. Of these 84 children and young people 50 of them are in specialist provisions. This immediately raises concerns as the evidence from the Rees Report sees children not in mainstream schools doing less well than their peers in mainstream in terms of reaching age related expectations. This however does not mean they do not make good progress it means they do not reach the level expected for their age group set by the DfE and they are in these provisions because they best meet the child or young person's needs.

It should be noted that there are 8 more children and young people with EHCP's than the previous year which also saw a significant rise in those with EHCPs. This is the fourth year in a row of an increase seen in the number of children with EHCPs.

Of the 84 young people with an EHCP, 75 are in the continuous care cohort. There were 16 young people in the Y11 cohort with an EHCP with 12 of these being in specialist provisions.

There were 63 children and young people identified as needing SEN support in those of statutory school age.

When combining the number with an EHCP and those at SEN support the data shows that 69% of those of statutory school age have special educational needs.

The VS has supported schools in 3 Requests for Statutory Assessment during this academic year.

Our SENCO has all the children and young people with an EHCP on her caseload and liaises between our SEN Team and Designated Teachers in schools. Here is an example of one piece of case work undertaken during this year.

SEN Casework example

What was the issue?

- The young person had struggled in school prior to coming into care but as she got older the learning and being able to settle became more difficult for her to manage.

Our journey so far....

- The school had previously had SALT assessment and Chestnut Outreach. An RSA was submitted and accepted

What have we done?

- The Virtual School provided funding for 1:1 Adult tuition to enable the young person to be supported during the day and help manage her emotions. A safe space was provided.
  Behaviours escalated during Covid – the VS had regular meetings with the school

and, in addition, the VS funded Play Torbay intervention service for afternoons to allow the young person time away from the school to have intensive support around her SEMH needs. A bespoke timetable was created whilst she was in school so she could achieve success.

At this time, the placement broke down. A new placement was identified near Exeter and the VS worked with the new school, her current school, SEN and Play Torbay so that the young person could achieve a successful transition.

The EHCP was issued during this transition period. For the rest of the Summer Term, Play Torbay supported the young person in a transition period into her new school to be a familiar trusted adult and provide stability whilst a 1:1 was recruited.

What difference has this made?

The young person is now managing full time in her new school. She completes some work with her 1:1 away from the classroom environment but can successfully integrate with her peers in some lessons.
In order to establish peer friendships, the young person chooses children to do some activities in her quiet space at the start of the day and after lunch.

Immediate next steps

The PEP was recently attended (second this term) so that interventions could be added if required or further support provided. The school wish to continue with the 5 day programme to further build relationships with staff and peers.

Monitor – new TA starting 1 day a week which will be another new adult, although there is some crossover so she can start building relationships and a consistent approach be established.

Anna Walker – Specialist CFC Teacher - SENCO

Outcomes at end of Key Stage 2 and 4 for children with SEN

At Key Stage 2 there were 9 children at SEN Support and 4 with Education, Health and Care Plans. Of the children with EHCP all of them have Social and Emotional Health as their primary need. The table following gives detail of their performance. **Please note this is based on teacher assessment.**

	CFC in VS	Reached at least EXS Reading	Reached at least EXS Writing	Reached at least EXS Maths	Reached at least EXS in Reading, Writing and Maths
Number with EHCP	6	1	1	0	0
Number at School Support	4	4	4	3	3

At Key Stage 4 there are sixteen young people with an EHCP with a similar number at SEN support.

	Total in Y11	Grade 4+ E & M	Grade 4+ E only	Grade 4+ M only	5+ at Grade 4+
SEN Support	16	8	5	0	8
EHCP	16	2	0	1	1

Unaccompanied Asylum-Seeking Children

There were no UASC of statutory school age this year.

Early Years

During the academic year the Inclusion Officer, who was overseeing all Early Years PEPS has worked closely with the LA's Early Years Team in order to ensure our Cared For Children who attend Early Years settings have an evidenced, high quality experience. This has seen the allocation of an Early Years Advisory Teacher who will quality assure a sample of PEPs each term as well as attending PEPS when necessary or requested by the VS. This then enhances the links the VS has developed by attendance at the Early Years Provider network meetings and gives greater oversight and support to our Cared For Children who attend Early Years settings.

The Head of Service for Early Years also sits on the VS Governing Body.

PEPS AND PP+

The Personal Education Plan (PEP) is the statutory tool to ensure that everyone is actively prioritising the education of the child/young person, carefully tracking their progress and supporting them to achieve and be aspirational. All children looked after (CFC) have a statutory care plan, which is drawn up and reviewed by the Local Authority who looks after them. The Personal Education Plan is a legal part of the Care Plan; which is a statutory requirement for CFC from the age of 3 years, if in educational provision, up to the age of 18.

The key personnel who should be involved in every PEP meeting are the child, the social worker, the carer and the school's Designated Teacher or Early Years Lead or FE College lead for CFC.

For children of statutory school age the PEP must be held every term. The CFC Teachers will attend PEPs of children who are struggling at school wherever possible. This also includes advising, supporting and challenging on inclusive practice in order to maintain children in their schools.

Since September 2015 the Virtual School has used an electronic PEP for children of statutory school age. This ensures that timescales for PEP completion can be monitored more easily than in previous years. The VSGB sets a target of 90% of PEPS to be completed within timescales.

The VS staff will liaise with Designated Teachers over academic targets within PEPS. The VS will target children in Y6 and Y11 who are within a 40 mile radius to work intensively towards SATS/GCSE English and maths. Where it is impossible to work directly with a child the specialist teachers will advise/liaise over suitable targets and interventions funded through PP+. These children are discussed at our half termly Progress Review Intervention Monitoring (PRIM) meetings and their data is closely monitored.

In 2013 the DfE introduced Pupil Premium Plus (PP+) for children looked after and previously looked after children. In doing this, the DfE acknowledged the enduring impact of trauma and loss in the children's lives and the key role of schools in supporting children who have had a difficult start in life. Pupil Premium Plus currently stands at £2345 per child. The Local Authority who looks after the child is responsible for distributing the PP+ to schools and academies. The Virtual School Head has responsibility and accountability for making sure there are effective arrangements in place for allocating the PP+ to benefit each child looked after by the LA. Each Virtual Head must develop a policy for the funding of PP+ for the LA. The grant must be managed by the Virtual School Head and used to improve outcomes and 'narrow the gap' as identified in the PEP in consultation with the Designated Teacher in the school.

Pupil Premium Plus continues to be welcomed and embraced by schools especially by the Designated Teachers. It has given weight to the Personal Education Plan meetings as it has given the Designated Teachers a resource to use for interventions. Torbay has a policy on PP+ which describes the process. Very simply if a target is identified through the PEP process which will enable the child to accelerate progress or engage more meaningfully in education it needs to be evidenced through the PEP as a SMART target, written with costs. This then comes to the VSHT for approval.

Another area noted through the PEP for improvement is the voice of the child. It must be noted that there are Outstanding PEPS where the voice of the child is truly captured within the PEP process but this is still not the majority of cases. This is another area of work for the next academic year with the Designated Teachers being reminded about the importance of the child's voice at each termly Designated Teachers' Forum. This will include feedback from the children to the Designated Teachers.

The vast majority of targets in the PEPS are SMART which are clear and progressive.

There continues to be 80% of targets being achieved.

There was enough funding left in the budget to see that all children, other than those in residential settings, receive Catch Up Funding. This was to be used in a variety of ways either for engagement activities or tutoring and the DTs were tasked in ensuring this was used to the best effect for each individual child.

PP+ funded projects

There are a number of projects and interventions which are supported through PP+ such as The Get Gritty Transition Project. This was designed to increase resilience in the child and effect a smooth transition into Y7. It uses the medium of Outdoor Education in order to set challenges which increase individual resilience and enhance team work. This transition project started in the summer term of 2015 and has proved very successful. It takes place after SATS and not only enables young people to have strategies to help them overcome challenges with a positive mind set but also enhances the relationship of the child with the VS staff. We should never underestimate the power of relationship and the team have found this very beneficial when working with the children in Y8 or 9. There are four activity days in the summer term after SATS followed by a day prior to the start of the autumn term and their new school which ensures any last minute concerns are addressed and solutions found. The staff then closely monitor the group during their first weeks in secondary school. Each child who moves from Y6 to Y7 gets a transition pack which includes a rucksack which has an array of stationery and educational resources to support them in their new school.

It was possible to run Get Gritty this year but it was done on a 1:1 basis so that the young people experienced the activities but did not experience the group work. All received a GG Transition bag.

All of the Attachment in Schools Training is paid through PP+. The Attachment work commenced in October 2015 and has developed since then. There is a clear understanding that getting all professionals to understand attachment is crucial in order for all of our young people to gain the very best they can from our schools. We have a clear strategy on ensuring that training is ongoing each year and training is now not only offered to schools but also to Early Years settings as well as colleagues from social care. This appears to be showing good results with positive change happening in schools and a greater understanding that a behaviour policy has to include an understanding of the impact of attachment and trauma on the child and the behaviourist model does not work with a child with significant trauma or attachment needs. It should be noted that all but one school in Torbay has undertaken some form of training in attachment. This would be at least one day of training. It is pleasing to note that 30 schools have sent at least one member of staff on the Seven Day Attachment course with 175 training places being taken up.

It should be noted that all Educational Psychologists (EP) undertook the first tranche of Attachment Training and worked alongside school staff. The EPs now run a half termly attachment support group in recognition of the impact of work with the children with attachment and trauma. The other point to note is that EP reports now all have a section on the attachment needs of the child. This gives added weight to the VS's desire and belief in attachment and trauma based work.

A major focus of training has been on attachment. The staff from Torbay schools who have attended see this as the 'missing link' in that for some children they could not make a behaviourist approach work. For example not giving a child attention when they demonstrate attention seeking behaviour –

this is a behaviourist approach. For a child with an insecure attachment it is vital to give the child attention otherwise it reinforces their sense of insecurity/anxiety/lack of worth.

By the end of the academic year a further 24 staff in schools had completed their 7 Day Attachment in Schools course. This was part of the Teaching School's programme but funded by the Virtual School. This course was completed online for all sessions. It is hoped our next course will return to face to face. We are also considering whether we now need to include a course that enhances the 7 Day attachment course.

The VS nominated two primary school for the Attachment Research Centre's Timpson Awards. At this point we know that one has gone through to the final stages.

All of the teachers in the VS have completed the training as well as the Inclusion Officer. The Post Care Education Advice and Guidance Officer will undertake the course commencing in January. Attachment CPD is always on offer at the DT Forum and bespoke training for schools can be requested. Wherever possible there is agreement for the training to take place as it may well improve the school experience for our young people.

During the year the Inclusion Support Officer was made aware of 'Reach to Teach'. This is an assessment tool for inclusion. It is an evidence-based assessment tool which helps identify what learning and relational needs may underlie a pupil's behaviours which interrupt learning and then provides tried and tested successful strategies to enable a pupil to learn. The product was highlighted at one of our Designated Teacher Forums and a small number of schools were keen to pilot its use for the academic year. This was then funded through PP+ in order to continue to support our attachment journey. Initial feedback was very positive for those schools who have embraced the AFIT app. This will be reviewed during the Spring Term 2022 to look at impact over the 12 months and a decision made whether to continue to fund its use and widen the offer to other interested schools in Torbay.

One member of the team is regularly consulted by social workers around attachment and trauma and strategies for working with the children. As a result of the training and skills this member of the team has gained in Torbay over her first two years as Attendance Officer the role changed to one of Inclusion Support Officer. This also sees the post holder being our Attachment Lead in the VS.

It is also important to give concrete examples of the attachment work we undertake and its impact. The following have been produced by the VS staff who undertake attachment work with young people:

Self-Assessment of Inclusion work Attachment/Trauma Informed Practice Implementation by Torbay Virtual School

<u>Attachment/Inclusion - Storyboard</u>

What was the issue?

Relational traumas and losses experienced:-

- House moves - 5 before age of 1; 3 more before age of 2; 1 from age of 2
  Dates of these moves: 31/07/08; 11/10/08; 30/12/08; 15/01/09; 19/03/09; 26/01/10; 16/03/09; 16/03/10; 11/05/10; 07/12/10
- During the period of time leading up to the child being taken into care there were 7 different relationships identified with moc. During this period there were episodes of DV 3 notable events-18/08/08; 17/10/08; 15/03/09
- The young person had many admissions into hospital: 01/09; 12/09; 17/01/09; 31/01; 09/02; 07/04/09; 29/09/09; 25/02/09; 02/03/10; 27/03/12 – it had been reported that there had 91 presentations at A&E – some for the young person; some for mum. Different hospitals and under different names so was difficult to map.
- MOC was admitted into hospital for a period of time 29/10/12 – Young person at home with lodgers
- FOC – questions around this ?? (MOC seemed to be in two relationships; the dad that the young person refers to is understood to be dad)
- Cats were a feature within the family home – many cats and dogs. Some of the kittens were removed. There seemed to be many changes with regards to the animals being kept or got rid of in one form or another.

There was a period of stability with regards to house moves between 2010 until being taken into care. Household remained busy. During the period between 2010 - 2015 the young person has had 5 social workers; Current social worker has been allocated to the child since 2016
There were elements of emotional and physical abuse/neglect but nothing substantiated with regards to sexual abuse.
MOC – has mental health/PTSD and alleged epilepsy. It is to be noted that moc claims to have been groomed at 13 years of age.

Foster carers are very supportive of their child and has been a constant support since 2016. Recently her foster father has been diagnosed with prostate cancer. Their child is aware of treatment that must be undertaken.
The secondary school could not meet the young person's social and emotional needs. A transition place was made for her to attend a specialist provision for support her SEMH. This has resulted in the young person requiring to take a taxi between school and home. This has been carefully planned and supported by foster parents, however, is finding it tricky and has resulted in her distressed behaviours being supported by school staff.
Text received from foster parent requesting advice and some support for their child and home. There had been several outbursts of rage and stress response of fight/flight.

Our journey so far....

I have worked with Child A during her time at the Secondary School to support her in using strategies to promote her safety and providing support for school staff around trauma and attachment informed responses. Team Pupil approach with her TA becoming the significant adult. To provide consistency and build trust the keyworker has remained as the attachment figure with transition from their school to the specialist provision whilst relationships were formed. Methods to date have included:-

- Increased safety cues with 'meet and greet' as well as regular 'check-ins'

- Set up a team around each child within school – made a visual team template and timetable of which EAA will be available at certain times throughout the day
- Direct work in trauma and Mental-Health informed practice/Theraplay
- Interventions to allow the child to be in the moment; have elements of surprise in a safe and contained space; develop trust; rich relational experiences
- Working with professionals involved / providing support with further transitions and supporting staff to adjust their expectations to correspond with their developmental and relational trauma – whole school approach. The specialist provision is able to meet these needs.
- Communication with key professionals /school staff provide reflective space and opportunities to share best practice
- The school staff have recently completed their Trauma and Mental-Health Informed Practice in Schools – included language used; behaviour is communication – looking at ACES/Resilience score and trauma tree
- EHCPs is in place and PEPs and education meetings are supported by TVS SENCO
- Attending reviews – TVS SENCO

It has been our aim from initiating the work to offer a transparent approach to development, and share information as progress is made to all involved.

What have we done?

- To support the Child A and ensure their needs are met through direct and indirect work
- Interventions that will help regulate a child
- Work closely with the pastoral practitioner of the school in the provision of a team around the each child
- Meet and greet
- Regular check-ins from team with child
- Visual timetables which have included sensory breaks
- Safe space created for each child
- As part of the support for Child A and home – Zoom session for direct work set up. Diamond Art and mindfulness session each week with myself. Child A chose a picture of a cat to complete and is enjoying the 1:1 intervention; attention and 'being emotionally held'

What difference has this made?

- The child has built trust in their key adults and been on a journey from dependency to interdependency
- The child is able to follow direction from school staff
- Increased awareness of feelings and emotions alongside strategies to help them settle to learn
- 'Window of tolerance' for the child has improved dramatically. Dysregulation has decreased
- As is engaging with her session on Zoom and has a positive relationship with me. Shared feelings and conversations around the transport issue have been resolved.
- Taxi is more successful
- Friendships are developing
- Lead on a project around litter picking in local park

Areas for further action

- Continued support for the child to become more dependant learners
- Strategies to be developed for unstructured times
- Share best practice so as to raise awareness for what has worked well and not so well
- Continued support for staff, as required, as well as carers
- Develop peer relationships

Immediate next steps

- Review PEP targets

Other work:

Through the work the interventions use:

PROTECT:

- helping the child to feel safe enough to share feelings, thoughts and develop their own capacity for help-seeking with other trusted adults.
- Help the child to feel understood, empathy, bringing down 'toxic stress' to 'tolerable stress'
- Increase safety cues (facial expressions, use of voice)
- Stay socially engaged and use of PACE

RELATE:

- Cross the transaction
- Attachment play
- Through PACE enable the child to optimally activate neurochemicals opioids/oxytocin etc., (CARE system)

REGULATE:

- Affect labelling
- Affect attunement
- Created an intervention to calm the body down, sensory
- Change emotion with emotion

REFLECT:

- Help the child make sense of what is happening and why it is happening
- Talk about 'protective factors'
- Address negative self-referencing 'it's my fault'.

Tracey Powell – Inclusion Support Office/Attachment Lead

The teachers in the VS are responsible for ensuring that the young people on their case load also achieve their academic potential. The teachers are the first line of communication between the Designated Teachers who will have the attainment data and details of interventions. There is a real push for each school to ensure interventions are in place for English and maths in Y11 and reading and maths in Y6. On occasions the teachers will work 1:1 with children where other interventions have not been successful. This will usually see tuition being in place until the final examination in that subject has been taken.

The final account for PP+ (financial year to March 2021) follows:

Pupil Premium Expenditure 2020 – 2021

INCOME	EXPENDITURE	
DfE Grant £703660	Catch Up Funding Secondary	£82500.00
	Catch Up Funding Primary	£58500.00
	Summer PP+ Targets	£77097.33
	Autumn PP+ Targets	£151694.82
	Spring PP+ Targets	£133488.28
	Salary costs (ePEP and Admin)	£34813.00
	Direct spend via Business Admin	£151711.54
	Transition Funding – two pupils	£13000.00
	TOTAL SPEND	£702804.97

Support Work

In addition to the work we undertake with the schools and children to ensure best outcomes for our children we also have wider support work. This includes the Virtual School continuing its membership of the Letterbox Club. This is a programme where a parcel of resources is sent to a child over a period of six months. The main purpose is to improve literacy and increase a child's love of reading. The Letterbox is well received by the children and their foster carers.

Two years ago, the Virtual School joined The Imagination Library and it was a free two year programme. This is a book reading scheme funded through Dolly Parton's philanthropic work. It sees a carefully chosen book sent each month to our CFC from birth to age 5. This too has been well received by Foster Carers and works on at least two levels. Firstly, to increase a love of reading and widen imagination but will also enhance the bond between the care giver and child. We will seek to renew our subscription to this.

We have also joined a scheme called Book Buzz and this sees a number of books sent to us and the child choose their books. This is for Y7 and Y8.

The VS also ran a Reading Project using technology with one of our local secondary schools. The pandemic has meant our timescales have slipped so a review of the project will be undertaken in the next academic year.

Another priority to take forward based on the data is performance in writing which is a Bay wide issue not just for our Children who are Cared For.

All members of staff in the VS are THRIVE trained. This has seen an increase in direct support with children or support to staff delivering THRIVE in their schools. It has also linked with the foster carers and their THRIVE based training.

Training – various training is offered by the VS. This has included training 3 times a year for Foster Carers on specific educational topics. Training for Social Workers is also offered – this academic year training has been offered on the ePEP as well as attending SW Team Meetings.

Training for Designated Teachers is offered through the DT Forum which in previous years meet three times a year. This is now twice termly as they are conducted online. The sessions always include updates on policy regarding the education of CFC as well as a short workshop on a theme. As in previous years the major focus on attachment in schools has continued which DTs have reported as very useful. The DT Forum also ensures that DTs new to the role are able to network with established DTs and form informal mentoring arrangements.

The Virtual School also ran at the start of the school year an induction day for new DTs. This was well attended with DTs from schools in Torbay and Devon attending (Devon schools with Torbay children). This is now an annual event at the start of the academic year.

Other opportunities this year for the young people include the continuation of the VS Choir called Get Rhythmical which met every Tuesday at 4pm online. The children, and staff, are looking forward to resuming in person sessions at the YMCA as soon as possible.

Wherever possible the only school moves are at the normal transition points of primary to secondary. The Virtual School acts as a champion for our children and will resist school moves as often school is the only point of stability in the child's life. There are occasions when a placement move will necessitate a school move for example a new foster family is located more than an hour's journey to the child's school. As a general rule we won't agree to a move within Torbay schools unless there is compelling evidence to support this. One such case was of a child in a school who became Cared For along with a sibling. Both attended the same school. The sibling was moved to a family member and became subject to a Special Guardianship Order and the Cared For Child found this exceptionally difficult to accept and it was leading to emotional distress. Despite intensive work from both the specialist teacher and inclusion officer it was decided a school move to school nearer the carers who have an excellent inclusion record would be in the Cared For Child's best interests. A Planning For Success Meeting was held in order to plan an effective and supportive transition to the new school. This has proved the case and the child is now settled in school and making good progress to close the attainment gap with peers. Planning For Success Meetings are now standard practice in the VS for school moves.

Educational Research

The Educational Progress of Children Looked After in England: Linking Care and Educational Data – this was a research project undertaken by the University of Bristol and the Rees Centre, Department of Education and the University of Oxford. It was the first major study in England to explore the relationship between educational outcomes, young people's care histories and individual characteristics. The main analysis concentrated on the progress at secondary school (KS2 – 4) of young people who had been in care for over a year at the end of KS4.

The research's key findings show the following may contribute to the educational progress of young people in care:

- **Time in care.** Young people who have been in longer-term care do better than those 'in need' (CIN) and better than those who have only been in short term care – so it appears that care may protect them educationally.
- **Placement changes.** Each additional change of care placement after age 11 is associated with one-third of a grade less at GCSE.
- **School grades**. Young people in care who changed school in Y10 or 11 scored over five grades less than those who did not.
- **School absence.** For every 5% of possible school sessions missed due to unauthorised school absences, young people in care scored over two grades less at GCSE.
- **School exclusions.** For every additional day of school missed due to a fixed term exclusion, young people in care scored one-sixth of a grade less at GCSE.
- **Placement type.** Young people living in residential or another form of care at age 16 scored over six grades less than those who were in kinship or foster care.
- **School type**. Young people who were in special schools at age 16 scored over 14 grades lower in their GCSEs compared to those with the same characteristics who were in mainstream schools. Those in Pupil Referral Units with the same characteristics scored almost 14 grades lower.
- **Educational support**. Young people report that teachers provide the most significant educational support for them but teachers suggest that they need more training to do this effectively
- **Agency** – the young people need to have the desire and determination to do well in order to achieve best outcomes.

The findings of the research have been shared with the Designated Teachers, the Virtual School Governing Body and the Corporate Parenting Body. As a Virtual Head there were no major surprises in the findings of the research but having empirical evidence showing that school moves, placement moves, types of schools etc. ensures that the message from the Virtual School is heard across a range of professionals and demonstrates that the Virtual School cannot improve outcomes for our young people on its own.

The VSGB now receives a stability report each term in order to monitor impact on our young people and to hold education and social care accountable where appropriate.

John Timpson Research

The Rees Centre is undertaking a national research project on attachment in schools and its impact. It is pleasing to note that there are nine schools enrolled on this project which runs over a three year cycle. Five of these schools started in Year 1 (2018-19) with the rest in Year 2 (2019-20). It should be noted that the ninth school applied at the start of September 2019 and £3k was allocated for their training. The project captures the understanding of staff of attachment and trauma informed practice prior to whole school training.

Impact of the Timpson Research project – what we know about change is that the leaders of organisations need to truly believe that the change they want to implement is necessary and that they have the knowledge and understanding to ensure they take their teams with them. A number of forces have come together in Torbay. Firstly the VS focus on attachment and trauma informed practice started in 2014. Since then there have been yearly opportunities for staff to undertake the seven day attachment course. The Timpson Research project enabled schools to facilitate whole school training in order to start their attachment journey apply to whole school not just a small group.

Again the pandemic has delayed the progress of this study but the impact report will be reviewed by the VSGB as soon as it is available.

Data Collection

There is an expectation for a data collection three times a year. This is at the end of November; March and June. The data is sent electronically from schools and it is then put into the relevant year group's data sheet. This data is RAG (red/amber/green) rated. Information on English and maths is collected for all year groups with the addition of Science at KS3 and all subjects at KS4. Also collected are the attendance and exclusions data and the date of the last PEP and whether the foster carer was present.

The data collection is quite a resource intensive process. The vast majority of schools do comply with our request but as data is put on ePEP each term there is an opportunity to check each child's PEP record from ePEP.

Post Care Education Advice & Guidance Officer

The DfE has provided funding for this work since March 2018. At first the role was added on to the Inclusion Officers tasks but this was not a long term solution. In December 2019 Laila Rehman commenced as the Post Cared For Officer. This has seen good partnership working between the SGO Team and Adoption SW. Laila went along to the SGO support group to inform them of the advice and guidance she could offer them around educational matters and now ensures all SGO carers receive the letter informing them of PP+ entitlements once the SGO is in place. This has already had impact when a carer contacted her around the school not providing any ICT equipment. This saw Laila give the carer the information needed to challenge the school's view point with the impact being the young person received a laptop in February. In July 2021 Laila was successful in being appointed as the VS's KS4 Transitions Officer.

Staffing

Following the VSGB's decision to fund a KS4 Transitions Worker through PP+ the staffing of the VS has increased.

The Virtual School now has a 0.6 Admin Support Officer who commenced her role in the Autumn Term 2018. The hours needed to complete all tasks has seen this role have extra hours added to the post. This now sees the VS with 3 full time teachers, a fulltime Inclusion Support Officer, a full time PEP Co-ordinator, a KS4 Transitions Officer, a post LAC support officer and a 0.6 HT.

Since the completion of the SENCo qualification by one of the team the roles have shifted slightly with the SENCO taking on case work for those with EHCPs and the two remaining teachers taking on R – Y7 and Y8 – Y11. The SENCO also oversees the UASC work.

The PEP Co-ordinator left the service for a promotion at the end of February. Due to changes in the post it was necessary for a re-evaluation of the post through the JE process. This saw the grading increase. Despite extensive efforts we were unable to recruit to this post and I must thank both Laila Rehman and Tracey Powell for taking on additional duties during the Spring and Summer Terms.

Cared For Children Celebrations

This academic year the task of organising the CFC Award Ceremony again fell to the Virtual School. Due to the pandemic it was held online which was a little daunting for the VS Team as we use the Zoom Platform regularly but never for more than 50 people. Obviously we don't have the technical or financial support of large media organisations in case of any internet issues. This saw the main CFC Awards Ceremony taking place on Friday 29 January 2021 after the postpone of the event at the ERC planned for October 2020.

It proved to be a very successful event with over 200 present in homes scattered around the country.

Out keynote speaker continued in pattern of having a care experienced adult speak to our young people. This year it was Ashley-John Baptiste. He spoke very eloquently that being in care does not have to define you and that he had one teacher and his foster carers who made him realise that he could achieve in education. This saw a transformation for him and he achieved well and gained a place at Cambridge University. He is now in a media career which sees him regularly on TV programmes.

All of the awards and certificates were sent to the carers so they were able to present them when the names were announced by Ashley.

All of the families received Co-op vouchers so that they were able to make it a special event in their own homes.

The entertainment included bingo, jokes by one of our Cared For Children and a disco hosted by Sound Communities. This saw us all dancing in our front rooms and kitchens. Whilst not a sparkling event like we hold at the ERC it was certainly a joyous affair.

Here are the names of the awards:

Acts of Kindness

Attainment

Attendance

Community Champion

Creative Genius

Growth Mindset

Musical Maestro

Overcoming Obstacles

Personal Achievement

Perseverance

Progress Award

Sporting Prowess

Triple A

For each award, bar the Triple A which is primarily aimed at those completing their Y11, there was a primary aged winner and a secondary aged winner. The winners receive a trophy and book and Amazon voucher. All nominated children receive a book voucher and Amazon voucher.

Unfortunately the Under 7s Celebration could not take place due to Covid.

Priorities

- To focus on English and Maths outcomes at KS4
- Work in partnership with the Early Years Team in order to improve outcomes in the EYFS
- To continue the focus of the PRIM (progress, review, intervention meetings) on Y6 and 11 and Y5 and Y10
- To improve progress in primary writing and seek support from high performing schools
- To continue to build on the improvement in the quality of Personal Education Plans to bring consistently high-quality PEPS
- To develop the child's voice within the VS
- To continue the focus and training on attachment in schools and ensure all relevant staff in schools and the LA have an opportunity to increase their knowledge
- To continue to strengthen the relationship between the VS staff and foster carers in order to ensure all foster carers have high educational aspirations for all our CFC.
- Ensure all foster carers have up to date knowledge of the changes within the curriculum at all key stages, life without levels, progress 8 and attainment 8, as well as understanding their role in PEPs, PP+ interventions and the support they provide for children placed in their care
- To undertake the training for CFC Governors in schools in Torbay annually

- To continue to monitor Fixed Term Exclusions and identify any impact of attachment and trauma informed practice on reducing FTX
- To review each FTX in terms of the exclusion protocol implemented for all exclusions for children in Torbay schools.

Conclusions

A child needs to feel safe and secure in school and this also demonstrates to them their worth. This then optimises their belief in themselves and as the Rees Report states the young person's agency is crucial in achieving better outcomes. Indeed without their desire to do well, no intervention will ameliorate their disadvantage.

From this report there are clear examples of the impact of our work on individual CFC but also on whole school change. As HT I am incredibly proud of the work of my team and their desire to ensure every child has a positive and successful journey through school into their adult life.

There will always be room for improvement in our attainment and whilst our children may not achieve ARE in normal timescales their progress towards this is demonstrated within their PEPS. Many achieve educational milestones later than their peers and we should remember this but not use it as an excuse for under performance. Many of our Cared For Children have had disrupted experiences of school and whilst some are able to catch up others take longer to complete that journey. We must celebrate the milestones they achieve and also recognise that with good preparation for adult life they will achieve happy and successful lives.

It is clear that the schools in Torbay have a positive partnership and commitment to the Virtual School and I would like to thank Head teachers and Principals of our schools for their continued support.

The impact of the Virtual School's Governing Body can also be seen through their work on stability and in widening the remit of the staffing complement. I know the VSGB will monitor closely the impact of the next Extended Duties. I appreciate the support and challenge of the members of the VSGB and the knowledge and skills they bring to our meetings.

The Virtual School team consists of highly competent professionals with a passion to ensure our cared for children achieve the very best they can. They demonstrate on a daily basis their knowledge and understanding of the young people and have excellent links with their social care colleagues.

There are good systems in place to track and monitor our children. The VS knows its children and young people very well. It works with the child, with the carer, with the school and demonstrates doing 'with' rather than to. OFSTED wrote in its June 2018 report that effective oversight and scrutiny is conducted by the VS. In the LGA's Peer Review the VS was acknowledged for the positive impact it has had with the attachment work both within the LA and in its schools.

The Virtual School will make difficult decisions when schools are clearly not the best settings for our children or resist school moves. Only the best is good enough for our children and young people.

The Virtual School offers training to a variety of professionals on educational attainment and inclusion. It also demonstrates the importance of CPD for its own staff by ensuring that team members are able to take advantage of training opportunities identified through appraisal.

The children with SEN now have the benefit of oversight by the VS's SENCO as well as the SENCO in their own school. This will need to be reviewed to look at the impact of this.

The Team have cases allocated to them which sees our Primary Teacher now keeping the children as they move from primary to secondary schools. Once the child moves to Y8 the case will be transferred to one of the VS's Secondary Teachers.

We continue to ensure that all Personal Education Plans are rated 'Good' on every occasion and that children are encouraged to participate in a meaningful way in their PEP.

Finally I would like to add my thanks to all who support our young people to achieve the very best they can and of course the young people themselves for all the joy they bring us along as well as the problem solving opportunities too.

Appendix 1: OUTCOMES 2021

Performance indicator	TREND	2021 TORBAY children in care % *	2020 Torbay Council children in care %	2019 National children in care %	2021 TORBAY all pupils %	RAG Based Torbay CFC v national CFC
EYFS % reached GLD	↓	**40% (2)**	50%	49%	56.6%	A
KS1 % Reached at least expected standard - Reading	↑	**83% (5)**	50%	42%	65.9%	G
KS1 % Reached at least expected standard - Writing	↔	**49.8% (3)**	50%	42%	55.7%	A
KS1 % Reached at least expected standard - Maths	↑	**66.4% (4)**	37.5%	49%	62.3%	G
KS1 % Reached at least expected standard – Reading, writing and maths	↑	**49.8% (3)**	37.5%	37%	50.5%	G
KS2 % Reached at least expected standard - Reading	↓	**52.8% (8)**	66.6%	49%	72.2%	A
KS2 % Reached at least expected standard - Writing	↓	**46.2% (7)**	61.1%	50%	68.2%	A
KS2 % Reached at least expected standard - Maths	↓	**39.6% (6)**	61.1%	51%	67.4%	R
KS2 % Reached at least expected standard - Reading, Writing and maths	↓	**33% (5)**	61.1%	36%	57.1%	A
KS4 % gaining a strong pass in both English and maths at Grade 5+	↑	**15%**	10%	10%	Not available	A
KS4 % gaining a pass in both English and maths at Grade 4+	↑	**27%**	20%	Not available	Not available	G
KS4 % gaining a Grade 5+ in English	↑	**21%**	15%	23%	Not available	A
KS4 % gaining at least a Grade 4 in English	↑	**42%**	40%	Not available	Not available	G
KS4 % gaining a Grade 5+ in maths	↑	**18%**	10%	14%	Not available	G

KS4 % gaining at least a Grade 4 in maths	↑	**30%**	25%	Not available	Not available	G
Y1 – 11 attendance	↓	**85%**	94.8%	95.3%	94.9 (LAIT 2019-All)	R
% receiving at least one fixed term exclusion	↑	**13.9%**	10.9%	11.67% (2018)	Not available	R
% receiving a permanent exclusion	↑	**0.6% (1)**	0	0.05% (2018)	Not available	R
KS5 (Y13) % gaining L3 qualifications	↓	**28.4%**	71.4%	Not available	Not available	R
KS5 (Y13) % gaining L2 qualifications	↑	**28.4%**	14.28%	Not available	Not available	G
KS5 (Y13) % gaining L1 qualifications	↓	**7.1%**	7.28%	Not available	Not available	A
Total 18 – 24 year old care leavers participating in Higher Education	↑	**9.3%**	6.5%	Not available	Not available	G

Key: Red – well below national CFC outcome 2019

Amber – in line with national CFC outcome 2019

Green – above national CFC outcome 2019

Please note the KS5 cohort only includes those completing courses in Y13

Torbay Virtual School

Appendix 2: Y11 Stability (anonymised) November 2021

	Gender	Total No. of Care Placements (inclusive)	No. of Social Workers *	Total No. of Care Episodes (inclusive)	Total No. of Schools (inclusive)	School Type	Attendance %	Continuous Care 01/04/2020-31/03/2021	Exclusions	Date Entered care	Torbay/Out of Area School	School moves this academic year	EHCP	KS2 Predicted Outcomes	Met ARE in E & M	Ofsted Rating
child 1	F	3	9	1	3	Specialist	82	Yes	0	22/03/2018	OOA	No	Yes	E&M - Grade 4	Yes	Estyn - Good
child 2	F	4	11	1	3	Main	81	Yes	3	12/04/2012	Torbay	No	No	E&M - Grade 4	E only	Good
child 3	M	3	13	1	3	Specialist	100	Yes	0	08/11/2013	Torbay	No	Yes	None	No	EOTAS
child 4	M	3	5	1	3	Main	68	Yes	0	24/06/2019	Torbay	Yes	Yes	None	No	Good
child 5	M	5	11	1	2	Specialist	50%	Yes	0	12/10/2018	OOA	Yes	Yes	None	No	EOTAS
child 6	F	6	11	2	5	PRU	59	Yes	0	05/02/2019	OOA	No	No	E&M Grade 4	yes	Good
child 7	M	7	9	2	4	Main	68	Yes	0	06/11/2014	OOA	No	No	E&M Grade 5	Yes	Outstanding
child 8	F	1	9	1	3	Main	74.2	Yes	0	01/03/2013	Torbay	No	No	E&M Grade 5	E only	Good
child 9	F	2	17	1	2	Main	66	Yes	0	08/03/2013	OOA	No	No	E&M Grade 5	Yes	Good
child 10	F	7	15	1	2	Main	70	Yes	0	19/02/2009	OOA	No	Yes	E&MGrade 3	No	RI
child 11	M	3	7	1	2	Main	46.3	Yes	0	04/12/2017	OOA	No	Yes	None	No	Good
child 12	F	4	10	1	4	Main	69	Yes	0	15/10/2014	OOA	No	No	E&M Grade 5	Yes	Good
child 13	M	4	9	1	2	Main	75	Yes	5	28/02/2019	Torbay	No	No	E&M Grade 3	No	Good

child 14	F	2	11	1	2	Specialist	99.1	Yes	0	10/01/2013	Torbay	No	Yes	E&M Grade 2	No	Good
child 15	F	1	12	1	2	Main	66	Yes	0	05/08/2013	OOA	No	No	E&M Grade 4	E only	Good
child 16	F	3	10	3	4	PRU	98.5	Yes	0	31/05/2016	Torbay	No	No	E&MGrade 5	No	RI
child 17	M	1	6	1	1	Specialist	77.4	Yes	0	06/04/2018	Torbay	No	Yes	None	No	Good
child 18	M	8	18	1	5	EOTAS	0	Yes	0	06/10/2011	OOA	NO	No	E&MGrade 6	No	Good
child 19	M	1	19	1	3	Main	87.1	Yes	0	02/04/2013	Torbay	No	No	E&M Grade5	Yes	Good
child 20	M	2	7	1	3	Main	81.4	Yes	0	29/01/2017	Torbay	No	No	E&M Grade5	Yes	Good
child 21	M	2	5	2	5	Specialist	12.2	Yes	0	20/12/2016	OOA	No	Yes	None	No	Good
child 22	F	2	5	1	3	EOTAS	41.2	Yes	0	14/09/2018	OOA	Yes	Yes	None	No	EOTAS
child 23	M	2	12	1	6	PRU	80	Yes	2	19/02/2018	Torbay	No	No	E&MGrade 6&5	No	RI
child 24	F	3	15	1	2	Specialist	93	Yes	0	23/04/2012	OOA	No	Yes	E&M Grade2	No	Outstanding
child 25	M	3	9	1	3	Main	81.4	Yes	2.5	20/01/2012	OOA	No	Yes	E&M Grade4	No	Good
child 26	F	3	19	1	6	EOTAS	92.1	Yes	0	22/07/2013	Torbay	Yes	Yes	E&MGrade 3	No	EOTAS
child 27	F	4	10	1	2	Main	66	Yes	0	30/11/2012	OOA	No	No	E&MGrade 4	E only	Good
child 28	M	1	9	1	4	Main	86.3	Yes	0	22/03/2013	Torbay	No	No	E&MGrade 6	Yes	Good
child 29	M	2	5	1	2	Main	81	Yes	0	23/01/2018	Torbay	No	No	E&MGrade 6	Yes	Good
child 30	F	4	17	1	5	PRU (med)	72	Yes	0	13/09/2013	OOA	Yes- Jam	No	E&MGrade 5	M only	Outstanding
child 31	F	2	6	1	3	Main	71	Yes	0	07/06/2019	Torbay	No	No	E&MGrade 3	No	Good
child 32	F	1	21	1	3	Main	82.1	Yes	0	17/06/2009	Torbay	No	No	E&MGrade 3	No	Good
child 33	F	2	6	1	2	Main	84	Yes	2	12/02/2020	Torbay	No	No	E&M Grade4	No	Good
child 34	F	1	4	1	1	Main	58.2	Yes	0	24/02/2021	Torbay	No	No	E&M Grade4	E only	Good
child 35	M	1	1	1	1	specialist	98	no	2	13/11/2020	Torbay	No	Yes	None	No	Good
child 36	M	1	1	1	1	EOTAS	100%	Yes	0	23/04/2021	Torbay	No	No	E&MGrade 4	Yes	EOTAS

Appendix 3: Glossary

ARE – Age related expectations

ASD – Autistic Spectrum Disorder (Condition)

CC – Continuous Care

CFC – Cared For Children

CPD – Continuing Professional Development

DT – Designated Teacher

EBACC – English Baccalaureate

EHCP – Education, Health and Care Plan

EOTAS – Education Other Than At School

EP – Educational Psychologist

ePEP – Electronic Personal Education Plan

EYFS – Early Years Foundation Stage

FE – Further Education

FTX – Fixed Term Exclusion

GLD – Good Level of Development

GSCE – General Certificate of Secondary Education

HEI – Higher Education Institution

KS – Key Stage

MLD – Moderate Learning Difficulty

NEET – Not in Education, Employment or Training

PA – Persistent Absence

PMLD – Profound and Multiple Learning Disabilities

PP+ - Pupil Premium Plus

PRIM – Progress review intervention monitoring

PX – Permanent Exclusion

RI – Requires Improvement (OFSTED category)

RSA – Request for Statutory Assessment

RWM – Reading, writing, maths

SALT – Speech and Language Therapist

SATS – Standardised Assessment Tests

SEMH – Social and Emotional Health

SEN – Special Educational Need

SENCO – Special Educational Needs Coordinator

SGO – Special Guardianship Order

SMART – Specific, measurable, attainable, realistic/relevant, time bound

STEM – Science, technology, engineering and maths

TA – Teaching Assistant

THRIVE – A therapeutic approach to help support children with their emotional and social development

UASC – Unaccompanied Asylum Seeking Children

VS – Virtual School

VSHT – Virtual School Head Teacher

YP – Young person

Petition – Dogs on Hollicombe Beach Year Round – Council 3 March 2022

437 signatures

We the undersigned petition the council to make Hollicombe Beach dog friendly year round as it is the only beach in the area with good access (without steps) fo disabled dog owners to exercise their dogs. It is not a tourist beach as there are no toilet facilities so it is difficult to understand why dogs are not allowed all year.

Petition Organiser: Ruth Robinson

Meeting of the Council, Thursday, 3 March 2022

Questions Under Standing Order A12

A member may only submit three questions for consideration at each Council Meeting. Each member will present their first question in turn, when all the first questions have been dealt with the second and third questions may be asked in turn. The time for member's questions will be limited to a total of 30 minutes.

First Round

Question (1) from Councillor O'Dwyer to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	The recent £1 a day Christmas car parking offer, offered parking in a limited number of car parks near to the three main town centres only. Please can you provide the total use figures of the car parks, evidence of the numbers of additional shoppers encouraged into the 3 towns by this promotion and any benefit to our town centres of this scheme in terms of additional uses and income generation compared to November preceding the introduction of the offer and the corresponding months in both 2020 and 2019 pre pandemic. As a comparison with an area that did not benefit from the offer can you also include the data for the three car parks in St Marychurch and on street parking in Paignton Town Centre that was not included in the promotion.
Question (2) from Councillor Kennedy to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	Councillors and residents have been heavily involved in the consultation on the LCWIP but have not been provided with many updates or timelines, particularly at the southern end of the Bay. I also understand that the Cabinet Member for Corporate and Community Services attended a 'Creating Better Streets' webinar on 19 November 2021 covering how our streets can be converted into shared spaces and how to promote a reduction in short car journeys locally. Please could the Cabinet Member for Infrastructure, Environment and Culture advise how the learning from the webinar will be incorporated into the LCWIP and local strategies and provide regular updates to Councillors that can be shared with our communities as to what schemes will be delivered, when they will be delivered, in particular those between Goodrington and Brixham.
Question (3) from Councillor Chris Lewis to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	Can the Cabinet Member for Infrastructure, Environment and Culture please outline the consultation that took place before the new Zone Parking Scheme was agreed and published. Can he please advise in his response if the business community, the tourist sector and Local Councillors were consulted. If they were consulted can the Cabinet Member please advise when and what the responses were.
Question (4) from Barbara Lewis to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	Some of the buildings on Torbay Road and opposite Paignton Train Station have trees growing out of their gutters, filthy windows and look as if they are derelict. If we are to make the Bay a Premier Resort we need to get the basics right before we spend millions of pounds. With the Government providing over £13m for the improvement of Paignton Town Centre can the Cabinet Member for Infrastructure, Environment and Culture please provide details of what action and enforcement the Council is taking to force Landlords to clean-up their buildings in the main areas of the Town.
Question (5) from Councillor Mandy	The Children's commissioner for England, Rachel de Souza has identified that during the pandemic there have been thousands of missing children

Darling to the Cabinet Member for Children's Services (Councillor Law)	from classrooms. What action is Torbay Council taking to tackle this concerning issue raised by the commissioner?
Question (6) from Councillor Dudley to the Cabinet Member for Finance (Councillor Cowell)	Treasury Minister Lord Agnew resigned from his role as the Government had shown a "lamentable" oversight of Covid loan schemes which has resulted an industrial level of fraud being committed. The National Audit Office has estimated that as much as £5bn of grants could have been fraudulently claimed. How has Torbay Council tried to tackle fraudulent claims from businesses?
Question (7) from Councillor Douglas-Dunbar to the Cabinet Member Infrastructure, Environment and Culture (Councillor Morey)	A recent study by Lancaster University found that Britain could grow up to 40% of its own fruit and vegetables by using urban green spaces. How can SWISCo nurture and allow this opportunity to flourish in Torbay?
Question (8) from Councillor Pentney to the Cabinet Member for Corporate and Community Services (Councillor Carter)	The spiking of drinks and the physical spiking of potential victims of sexual assault or robbery appears to be growing in some parts of the UK. Do we understand what prevalence there may be in Torbay of this activity and what training or awareness raising is undertaken both for our taxi trade, door staff and the community and holiday makers?
Question (9) from Councillor Johns to the Cabinet Member for Economic Regeneration, Tourism and Housing (Councillor Long)	After successfully obtaining the CPO for Crossways, can you please advise on progress and when the demolition work will commence on site?
Question (10) from Councillor Foster to the Cabinet Member for Finance (Councillor Cowell)	At the cabinet meeting on 14th December 2021, I welcomed the 'Domestic Abuse Safe Accommodation Strategy' report including the good news of the Government money of £308,541.00 (New Burdens Money) to support the needs of victims of domestic violence and their children in safe accommodation. At that meeting, Cllr Cowell was unable at that time to confirm that all of this un-ring fenced money would be spent for this purpose. Could Councillor Cowell now confirm all the Governments allocated money will be spent to support the needs of victims of domestic abuse and their children in safe accommodation?

Second Round

Question (11) from Councillor Kennedy to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	In June/July last year, Ward Councillors attended a meeting at Broadsands car park regarding the proposed rewilding. No information has since been received regarding progress. Please provide our community with updates as to actions completed so far, next stages, and a rough timetable to completion.
Question (12) from Councillor O'Dwyer to the Cabinet Member for	How many children in Torbay: • Are classed as missing from education, • what is the total school population and how does it compare to Torbay's overall Planned Admission Number;

Children's Services (Councillor Law)	• how many are classed as being in elective home learning; and • how is the overall percentage of attendance looking across the bay for primary and secondary school aged children.

Third Round

Question (13) from Councillor Kennedy to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	At the Council meeting on 30th September 2021 the Leader of the Council stated that it was recognised that a different strategy was needed in the provision of litter bins and that a new strategy was being considered in consultation with Ward Councillors. That was five months ago. It has been recognised for three years that the bin provision at Broadsands was wholly inadequate. What is the start date for the consultation with Ward Councillors? How much longer do our residents and visitors at Broadsands have to wait for the appropriate bin provision to be put in place?
Question (14) from Councillor O'Dwyer to the Cabinet Member for Corporate and Community Services (Councillor Carter)	Torbay Council recently procured the services of an entire hotel to provide temporary accommodation for families, agency and other staff contracts. Please could you provide the current figures for: • the number of families supported and the average size of the family; • any individuals that may have been accommodated • the number of agency or other contracted staff housed over the 6 months; • the capacity of the accommodation and the average number of times that the capacity may have been reached; • the costs for the project so far; and • any learning from the scheme.
Urgent Question submitted by Councillor Pentney to the Cabinet Member for Children's Services (Councillor Law)	I read on Kevin Foster's social media that Torbay Council has objected to being part of the national system for Unaccompanied Asylum Seeking Children (UASC) and that the Home Secretary has just written to Torbay to direct them "to do their bit". However I had understood that the Council was supporting these children. What is the position please?

Record of Decisions

Revenue and Capital Budget 2022/2023

Decision Taker

Cabinet on 22 February 2022.

Decision

The Cabinet recommends to Council the following:

Revenue Budget 2022/23:

1) That for 2022/23 net revenue expenditure of £120.8m resulting in a Council Tax requirement of £78.1m for 2022/23 (a 2.99% increase in Council Tax, of which 1% is for Adult Social Care) be approved;

2) That the proposed Fees and Charges for 2022/23 be approved;

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;

4) That it be noted that the Brixham Town Council precept for 2022/23 of £379,600 will be included as part of the Torbay Council budget for Council Tax setting purposes;

5) That to ensure the continuation of the integrated health and adult social care arrangements with the CCG and the ICO for a further two financial years, after the end of the current agreement in March 2023, that Council allocate funding of £55.4m for 2023/24 and £56.5m for 2024/25.

Capital Plan 2022/2023:

1) That the Capital Plan for 2022/23 as set out in Appendix 1 to the submitted report be approved.

Capital Strategy 2022/2023:

1) That the Capital Strategy 2022/23 be approved.

Review of Reserves 2022/2023:

1) That, in support of the 2022/23 budget setting process, Council notes the Council's reserves position.

Reason for the Decision

The Council has a statutory obligation to set a budget each financial year and must take account of all factors when setting the budget. The Cabinet's response to the recommendations of the Overview and Scrutiny Board were set out in the submitted report.

Implementation

The recommendations of the Cabinet will be considered at the meeting of Council being held on 3 March 2022.

Information

The Cabinet considered a report that outlined the draft revenue and capital budgets and implications of the draft proposals for service change, income generation and efficiencies. The proposals had been subject to detailed public consultation and examination by the Overview and Scrutiny Board (through its Priorities and Resources Review Panel).

The Cabinet thanked the Overview and Scrutiny Board for their comprehensive review of the Cabinet's proposals for the Council's Revenue Budget for 2022/2023. The report had been compiled in light of the findings and conclusions reached by the Overview and Scrutiny Board. The Board had taken into account the views expressed by members of the public and stakeholder representatives.

The Cabinet also gave consideration to the reports on the Review of Reserves and draft Capital Strategy.

Councillor Cowell proposed and Councillor Steve Darling seconded a motion which was agreed by the Cabinet as set out above.

Alternative Options considered and rejected at the time of the decision

None.

Is this a Key Decision?

Yes

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

Published

23 February 2022

Signed: ____ Date: ________________
Leader of Torbay Council on behalf of the Cabinet

TORBAY COUNCIL

Meeting: Cabinet **Date:** 22 February 2022
Council **Date**: 3 March 2022

Wards affected: All

Report Title: Revenue Budget 2022/2023

When does the decision need to be implemented?

This decision is required Immediately

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

darren.cowell@torbay.gov.uk

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

martin.phillips@torbay.gov.uk

1. Purpose of Report

1.1 The Council has a statutory responsibility to set a budget each year. By setting and approving the net revenue budget for 2022/23; the budget allocations proposed, and the expenditure undertaken 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 Council meeting on 3 March 2022 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

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

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

3.1 That for 2022/23 net revenue expenditure of **£120.8m** resulting in a Council Tax requirement of **£78.1m** for 2022/23 (a 2.99% increase in Council Tax, of which 1% is for Adult Social Care) be approved.

3.2 That the proposed Fees and Charges for 2022/23 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 2022/23 of £379,600 will be included as part of the Torbay Council budget for Council Tax setting purposes.

3.5 That to ensure the continuation of the integrated health and adult social care arrangements with the CCG and the ICO for a further two financial years, after the end of the current agreement in March 2023, that Council allocate funding of £55.4m for 2023/24 and £56.5m for 2024/25.

Background Information

4.1 The Partnership have published their 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 Budget Proposals:

- Chief Financial Officer's Report
- Revenue Budget Digest 2022/23
- Fees and Charges 2022/23
- Review of Reserves 2022/23
- Capital Strategy 2022/23
- Capital Budget 2022/23
- Treasury Management Strategy 2022/23

5. Adult Social Care

5.1 The Council has been in forms of integrated health and adult social care arrangements since 2005 with the CCG (Clinical Commissioning Group) and the ICO (Torbay and South Devon NHD Foundation Trust). The current financial arrangement expires in March 2023. To provide financial and service certainty to all parties, negotiations have been ongoing to extend the current arrangement for a further two years for 2023/24 and 2024/25.

5.2 All three parties are committed to the continuation of the successful integrated arrangement continues, and a two-year extension has been agreed subject to approval by the relevant formal approvals of each party. Therefore, Council is recommended that to ensure the continuation of the integrated health and adult social care arrangements with the CCG and the ICO for a further two financial years to 2025, that the Council allocate funding of £55.4m for 2023/24 and £56.5m for 2024/25.

5.3 To support integrated health and adult social care improvements the CCG and the Council will agree a s256 Health Act 2006 “joint working agreement” with the CCG providing £10m of funding to support in 2021/22. This funding will be recognised in 2021/22 and then carried forward to support related expenditure over the next three years.

5.4 Officers fully support the proposals and consider the funding allocations for 2023/24 and 2024/25 a “fair and robust” position for the Council and enables financial certainty for the Council for these years for this vital service.

5.5 It should be noted that any new funding and cost implications of the Adult Social Care “white paper” and any funding from the Health and Social care levy allocated by the Market Sustainability and Fair Cost of Care grant is outside the current proposal due to the ongoing uncertainly of the new requirements.

6. Dedicated Schools Block Deficit.

6.1 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 deficit on this Block in 2022/23 of £2.7m. This in year deficit will be accounted for as an increase in the cumulative deficit on this ring-fenced grant held by the Council as a negative reserve pending future funding being identified.

6.2 There is a fundamental financial risk to the Council and schools associated with 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 £9m by March 2022 with a further £2.7m overspend in 2022/23. While the Council and schools work jointly to mitigate this financial pressure the only viable solution is a central government resolution to this issue. The current central government short-term “fix” of having a statutory override to reclassify the deficit on the Council’s balance sheet does not solve the issue. Inevitably if there is a risk that the council will have to fund this deficit then the fundamental financial impact on the Council will result in a s114 notice being issued and service and school spend being reduced or stopped

6.3 On the 17 February 2022 the Council was informed by the Department of Education that *“your authority will shortly be invited to take part in the ‘safety valve’ intervention programme with the DfE in 2022-23 financial year. The aim of the programme is to agree a package of reform to your high needs system that will bring your dedicated schools grant (DSG) deficit under control”.* Although the details of the consequences of the intervention are unknown, this letter at this stage can only be welcomed.

7. Robustness of the budget estimates

7.1 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 2022/23 to mitigate against the risks. Several specific risks and their mitigation are shown below:

Risk	Risk Rating	Mitigation
Covid-19	Medium	The inclusion in the 2022/23 budget of ongoing Covid-19 financial impacts on both income and expenditure. A reserve is in existence for future Covid-19 issues.
Performance of Subsidiary Companies	Medium	Council's oversight as owner over its companies including attendance at Board meetings and review of performance. Council approval required for reserve matters and for investment/borrowing proposals.
Inability to deliver a balanced budget over the next three financial years	High	Work on future years financial position is ongoing led by the Chief Executive and Chief Finance Officer.
Identified budget reductions for 2022/23 are not achieved	Low	Monthly monitoring of current year financial position by Senior Leadership Team including a "savings tracker". Contingency budget in 2022/23 revenue budget. Directors, Divisional Directors and all managers have a responsibility to ensure they maintain spend within their approved budget allocation. 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.
Overspend against the proposed 2022/23 Children's Services budget	Medium	The Director of Children's Services (DCS) has a service improvement plan and a sufficiency strategy with several work streams that has been established and being implemented, supported by a range of monitoring and performance arrangements. The Sufficiency Strategy has been updated to have a 3-year horizon.

Risk	Risk Rating	Mitigation
		2022/23 Budget includes a £1m reserve for an increase in and numbers and or cost of looked after children.
Overspend against the proposed 2022/23 Adult Social Care budget	Low	Agreement in place in which Council pays a fixed payment with no exposure to any over or under spends.
Volatility of NNDR Income	Medium	Provision for appeals and non-collection is included in 2022/23 NNDR income estimate.
Insufficient income generated	Medium	Annual cycle for budgeting. Prudent view taken of income streams in 2022/23 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 2022/23 and the Investment Fund reserve maintained.
Collectability of council tax and NNDR	Medium	In the light of ongoing economic uncertainty from Covid-19 and the pressure on household budgets from inflationary pressures including fuel and utility increases may result in lower collectability of these taxes in 2022/23.
Insufficient reserve levels because of a significant budget variance or unforeseen event.	Medium	Review of Reserves report presented to the Council and £5.6m expected balance at 2022/23-year end in the General Fund balance after an increase in that reserve and £3m target balance held in CSR Reserve. 2022/23 budget includes a £0.5m increase to the CSR Reserve.
Exposure to changes in interest rates	Low	Treasury Management Strategy to be approved by the Council. All 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 5.5%). Pay award and impact of living wage not nationally finalised for either 2021/22 or 2022/23 however contingency held. Capital Plan supported by the revenue budget establishes a £4m fund, supported by borrowing to facilitate capital projects where there has been cost inflation and or supply chain issues that could result in project cost increases.

Risk	Risk Rating	Mitigation
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.
Insufficient capacity to deliver the capital plan and partnership priorities	Medium	Provision in 2022/23 budget for £0.5m for capacity to deliver key Council projects, both revenue and capital.

7.2 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".

7.3 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, the Cabinet and the Senior Leadership Team in forming my opinion. My opinion is that the 2022/23 budget is based on robust budget estimates.

This opinion is supported by the current financial position for childrens social care, the three-year agreement for adult social care and the increase in Council reserves.

The key risks are outlined in the table above. In particular for 2022/23 I would highlight to Members the uncertainty caused by higher cost inflation on both revenue and capital spend".

7.4 In relation to reserve levels, the statement in the 2022/23 review of reserves report is:

8 Chief Finance Officer Statement.

8.1 "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 2022/23 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment.

8.2 I fully support retaining the prudent levels in the general fund reserve at close to 5% of the Council's net revenue budget and the continued, prudent use of reserves to support potential Covid-19 issues and the three-year impact of the 2020/21 collection fund deficit.

8.3 My statement for 2022/23 must be caveated due to the continued uncertainty around Covid-19. So far there is no announced financial support for 2022/23 to deal with increased expenditure or reduced income.

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

a) The Medium-Term Financial Plan includes an increase to the CSR reserve to achieve a minimum ongoing balance of £3m.

b) That the Council maintains the focus on social care, both adults and childrens, as the biggest financial risks to the Council to deliver the identified improvements supported by a robust financial recovery plan and the sufficiency strategy

c) That Council recognises the option of using borrowing to fund the capital plan to enable an increase to reserve levels by £3m if needed.

8.5 However, all consideration of reserves must recognise the fundamental financial risk to the Council and schools associated with 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 £9m by March 2022. While the Council and schools work jointly to mitigate this financial pressure the only viable solution is a central government resolution to this issue. The current central government short-term "fix" of having a statutory override to reclassify the deficit on the Council's balance sheet does not solve the issue. Inevitably if there is a risk that the council will have to fund this deficit then the fundamental financial impact on the Council will result in a s114 notice being issued and service and school spend being reduced or stopped.

8.6 At this stage with the significant uncertainty in relation to central government funding for 2023/24 I am currently only able to provide limited assurance in relation to 2023/24. I recommend, however, that the Council continues to be prudent in its use of reserves and plans for future risks and their mitigation. These to include:

a) Establishing and then maintaining a balance on CSR reserve of £3m

b) Protection to current level of General Fund Reserve

c) No general reserves used to balance 2022/23 or future year budgets

d) Specific material risks still mitigated for – e.g., insurance, NNDR volatility and investment fund

e) Regular updates and awareness of the risks identified in the Medium-Term Resource Plan

f) That the Council continues to deliver its transformation programme at pace in the medium term

g) Continued focus on mitigating and reducing spend in children's' social care

h) That work continues the Adult Social Care improvement plans

Agenda Item 8
Appendix 2

TORBAY COUNCIL

Chief Finance Officer’s Report

22 February 2022

Budget 2022-2023

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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 2022/23.

2. This report aims to provide further information and an overview of several key factors, including several "technical" finance issues, that have influenced the 2022/23 budget and raises issues for future financial years.

Budget Overview

3. The budget is presented for a second year presented in the light of financial uncertainty from the ongoing COVID-19 health pandemic.

4. It is estimated that the financial impact of COVID-19 will be ongoing but with a reduced impact on the 2022/23 budget. The impact on the Council's income, expenditure and funding is outlined in the Medium-Term Resource Plan and the 2022/23 budget proposals. Clearly the financial impact on 2022/23 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 local government finance settlement, (final issued in February 2022), confirmed there were no new allocations of funding to councils planned for the impact of COVID and no extension of the sales fees and charges compensation scheme. DHSC have now confirmed that any unspent Contain Outbreak Management Funding can be carried forward into 2022/23.

6. The current inflationary pressures on services and providers are the highest they have been for several years. In addition to the employers' National insurance increase of 1.25% from April 2022 there has been high utilities and fuel inflation, higher levels of CPI inflation (5.5% in January 2022) and increases in the Living Wage. This is an area of concern, and as a result in mitigation the Council has increased its inflation provision in 2022/23, however the actual financial impact will not be known until during 2022/23.

7. The impact of inflationary cost pressures and supply chain issues are also likely to increase costs, and potentially impact on the viability, of capital projects. As a result, a capital contingency has been included in the 2022/23 budget.

8. 2019/20 was the final year of a four-year funding settlement. As context Torbay's Revenue Support Grant has reduced from £42m in 2013/14 to £6m in 2019/20.

9. The 2022/23 Local Government Finance Settlement was confirmed in February 2022 and was like the previous two years, i.e., a one year only "roll over" settlement, with the Revenue Support Grant at £6.8m, with additional grant allocations for social care and a one off "Services grant" allocation. Consequently, there is still considerable funding uncertainly from 2023/24 onwards. In addition, DLUHC, for a third year,

further delayed the introduction of a new funding formula and a revised NNDR system to April 2023 at the earliest.

10. The Council's financial planning for 2022/23 started in March 2021 and the Partnership's provisional budget proposals were delayed until after the Provisional 2022/23 Local Government Finance Settlement given the extent of the uncertainty in what it would contain. The Partnerships proposals were then published on 11 January 2022, enabling a period for consultation and scrutiny of the proposals.

11. The Council was permitted to carry forward any specific 2020/21 collection fund losses to be funded over the following three financial years. The Council transferred funds in 2020/21 to an earmarked reserve which covers this deficit over three years with 2022/23 being the second year.

12. It is proposed by the Partnership that the Council increases its Council Tax requirement by an inflationary 1.99%.

13. In addition, it is proposed to increase Council tax specifically for Adult Social Care by a further 1% in 2022/23.

14. Members of the Overview and Scrutiny Board (through the Priorities and Resources Review Panel) examined the proposals and stakeholders, and residents have had the opportunity to make representations on the proposals through the consultation. The Partnership have reviewed the responses received and the final budget proposals are drawn up after consideration of the responses.

15. This report supports the Revenue Budget 2022/23. Other budget related reports will be presented to Council in March 2022 which are relevant to the Council's overall financial position are:

    a. 2022/23 Capital Strategy and Capital Receipts Strategy,
    b. 2022/23 Treasury Management Strategy, including Investment Policy and Minimum Revenue Provision Policy,
    c. 2022/23 Review of Reserves,

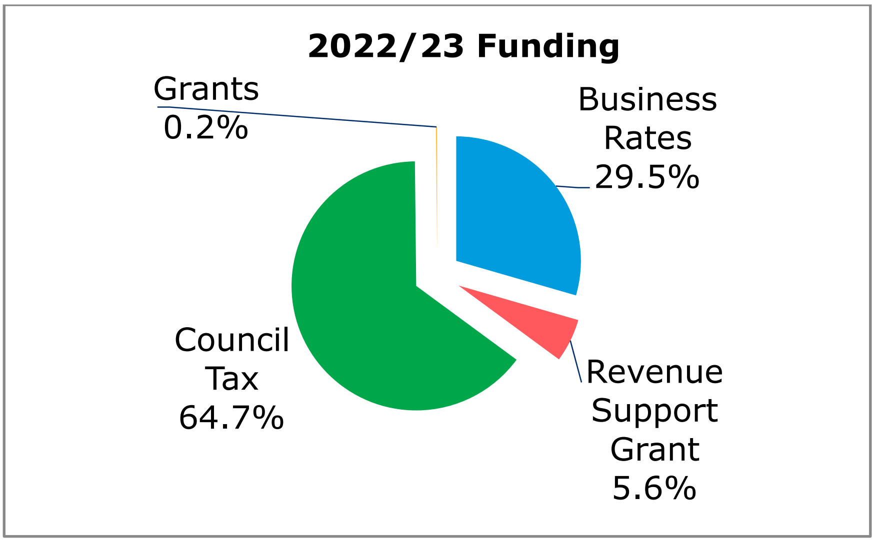
16. Also relevant are:

    d. Medium Term Resource Plan (on website),
    e. Corporate Asset Management Plan,
    f. 2021/22 Revenue and Capital Budget Monitoring Reports.

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

18. A summary of the Council's 2022/23 budget is as follows:

Partnership's Draft Budget Proposal 2022/23	£'000	£'000
Net Revenue Expenditure	120.8	
Total Net Revenue Expenditure		**120.8**
Funded By:		
Business Rate Retention Scheme	35.6	
Revenue Support Grant	6.8	
New Homes Bonus Grant and other grants	0.2	**42.6**
Council Tax Requirement	78.1	
Collection Fund Surplus/(Deficit)	0.1	**78.2**
Total Income		**120.8**



19. A summary of the 2022/23 budget by Service area is shown in the table below.

21/22 £m	Directorate/Service	Expenditure £m	Income £m	Net £m
41.9	Adult Services	60.2	(16.5)	43.7
3.1	Community and Customer Services	45.5	(42.9)	2.6
-	*Housing benefit included in Customer Services*	*37.0*	*(37.0)*	*0*
45.0	Sub Total – Adult Services	105.7	(59.4)	46.3
45.7	Children's Services	106.9	(61.1)	45.8
-	*Dedicated Schools Grant included in Children's Services. 2022/23*	*47.1*	*(47.1)*	*0*
9.7	Public Health	10.4	(0.3)	10.1
-	Corporate Services	9.3	(2.9)	6.4
-	Chief Executive's Unit	4.8	(1.2)	3.6
8.7	**Sub Total – Corporate Services**	**14.1**	**(4.1)**	**10.0**
(9.6)	**Finance**	**30.7**	**(38.5)**	**(7.8)**
(4.6)	Investment Properties	9.5	(14.1)	(4.6)
20.6	**Place Services**	**43.6**	**(22.6)**	**21.0**
115.5	**TOTAL**	**320.9**	**(200.1)**	**120.8**
	Sources of Funding			
74.6	Council Tax			78.1
(1.4)	Collection Fund Surplus/(Deficit)			0.1
6.6	Revenue Support Grant			6.8
33.7	Business Rates (NNDR)			35.6
2.0	Other Grants			0.2
115.5	**TOTAL**			**120.8**

COVID-19

20. The financial impact of Covid-19 has constantly evolved during the 2021/22 financial year and will continue to change.

21. In 2021/22 the Council received £5.9m of one-off funding to reflect the impact of COVID. This support will not occur again in 2022/23 and at this stage there have

been no announcements of any such funding for 2022/23 nor any income loss compensation.

22. The estimated financial impact of the pandemic that will continue into 2022/23 is over £3m – this is based on the current Covid-19 position in Torbay. How the pandemic progresses from here is likely to have a further impact. The key areas of risk are set out in the following paragraphs.

23. The 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 2022/23 is funded.

24. The Council Tax Support Scheme is to support residents with their Council Tax bills. For working age claimants, the level of support is linked to their household income. Since March 2020 with the start of "lockdown" and its economic impact, the number of claimants for this scheme has increased. These costs and other impacts on the Council's tax base was estimated at £0.750m (a 1% impact on total Council Tax income) which was part of the 2022/23 taxbase calculation.

25. In the current year, up until December, we have seen a cash reduction of 1.6% in collection of Council Tax compared to pre COVID levels. The ongoing impact on the collectability of Council Tax in 2022/23 due to the economic conditions has been estimated at 1% i.e., £0.750m.

26. In the current year, we have seen an ongoing reduction in collection of NNDR. Two thirds of Torbay businesses are in retail, leisure or hospitality and given the current economic conditions, the ongoing impact on the collectability of NNDR in 2022/23 has been estimated at £0.5m.

27. The Council has outsourced the contract for the Riviera International Conference Centre however it is unlikely to achieve historic income levels for up to two years. As a result, £0.5m has been estimated as the deficit funding required in 2022/23 for the Riviera International Conference Centre.

28. The economic impact of Covid-19 is likely to lead to a continued increase (compared to pre COVID levels) in levels of homelessness. This impact has been forecast at £0.5m.

29. The Council receives an income from properties held for regeneration and investment purposes (such as Fleet Walk and Wren Park). While any rental shortfall on such properties would initially be met from the relevant earmarked reserves there is likely to be an ongoing overall impact on rental income. Therefore, a contingency of £0.2m for rental income losses has been included.

Capital Plan 2022/23

30. As required by the Council's Constitution, the Capital Plan for 2022/23 has been published which is line with the latest budget monitoring position with the addition of

three new capital schemes for 2022/23. As the Council has a rolling four-year Capital Plan that is reported quarterly, the Capital Plan for 2022/23 is a "subset" of the four-year plan based on the latest monitoring information.

Spending Round 2021 and Local Government Finance Settlement 2022/23

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 this total is in the subsequent local government finance settlement.

34. In the Spending Review the total for local government increased by £1.6 billion. The second two years of the Review (23/24 and 24/25) however are at the same "cash" level as 2022/23. The absence of any additional funding in the second two years is a significant concern as this does not provide funding for any demand growth in services, such as social care.

35. The 2022/23 settlement is fundamentally a one year "roll over" from 2021/22. The Council's core funding of Council tax will increase by 1.99% and other core funding will typically increase by 3.1% for inflation (based on September CPI). Other service grants in 2021/22 were also rolled over into 2022/23. The 2022/23 Public Health grant allocation was also increased in line with September CPI with inflationary increases indicated for future years.

36. As expected, the referendum limit for council tax rises was set at 2%. In addition, the flexibility for Councils to raise council tax by a further 1% specifically for adult social care was confirmed for 2022/23 and the following two years. These council tax increases are "assumed" as part of the increase in councils' "core spending power" often quoted by DLUHC.

37. The Social Care grant was also increased year on year by £2.3m. This additional funding will be used to support provider and other inflationary costs in these services.

38. A new "one off" Services Grant of £2.2m was announced. The Partnership has chosen to apply this funding to one off allocations rather than fund ongoing costs from one off income. DLUHC have been clear that this grant allocation will not form the part of any baselines for any funding changes, and they will consider the future allocation of this funding.

39. No additional funding was announced for the ongoing impact of COVID.

Formula Funding and Business Rates Consultations

40. DLUHC's aim of implementing a new funding formula and a revised business rates retention system (both last updated in 2013) has now been delayed for a third year to 2023/24 at the earliest. Progress to a new funding formula has not significantly advanced since the two consultation documents issued in December 2018. There is

therefore still significant uncertainly around the Council's funding for 2023/24 onwards.

41. As the Services Grant was allocated for one year only and the fact that there was only a one-year funding settlement despite a three-year Spending Review strongly suggests that in 2023/24 a redistribution of council funding is likely to happen.

42. Key elements of the previous consultation were:

- NNDR Retention Scheme: DLUHC intended to introduce a 75% NNDR retention scheme for all Councils. Recent comment by the Minister suggests that an increase to 75% is now unlikely. The consultation sought views on the design of the scheme and how and when any NNDR growth is redistributed between Councils to keep the link between funding and need while retaining an incentive for growth. In addition, the consultation suggested that NNDR baselines are changed on an annual basis to ensure councils are not disadvantaged by the impact of appeals.

- New funding formula to allocate new funding baselines and income baselines to all councils. The aim was to have as simplified a formula as possible that focusses on a limited number of key cost drivers. The consultation proposed an eight-block formula then adjusted for general factors to reflect labour costs, rates costs and sparsity.

- There are seven specific formulas for major services – adults social care, children's' social care, highways, public health, legacy capital costs, fire and flood defence. All other services will form part of a "Foundation" block where it is proposed that this formula will be based on total population.

43. This proposal, although meeting the criteria of being transparent and simple, does not take into account other place-based factors that can influence costs and demand such as deprivation and coastal town issues. Also, some services included in the Foundation block such as concessionary fares, home to school transport and housing/homelessness are clearly not linked to total population.

44. DLUHC have said that they will look in 2022 to revisit the previous consultations in the light of any potential ongoing impacts of COVID.

Dedicated Schools Grant

45. As part of the Spending Round additional funding was announced for the Dedicated Schools Grant – for both Schools and High Needs. Torbay's 2022/23 allocation of these additional funds was provisionally allocated in December 2021 with an overall increase in cash terms of £2.4m (2.7%) in the Schools Block and £2.9m (13.6%) in High Needs Block. Within the average overall increase, individual schools will receive more or less, 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 2022/23 as demand within High Needs continues to grow. The expectation is that there will be additional funding in 2023/24 which should continue to enable the budget to move closer to a balanced position.

46. 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 estimated value of the Dedicated Schools Grant (DSG) before academy school recoupment is £124m. For 2022/23 it is estimated that approximately £47m will be retained in the Council's budget for expenditure related to its (maintained) schools and other residual functions including education for High Needs.

47. The DSG and the schools funding formula is expected to change with full introduction of a new national (simplified minimum per pupil) school funding formula, however, there has been no confirmation of when this change will be implemented by the Education, Skills and Funding Agency (ESFA). Movement of funding between these blocks is now limited and is expected to cease altogether for the schools' block with the introduction of the national school funding formula.

48. The key financial pressure within the DSG is in the Higher Needs block. The pressures on the High Needs Block arise from the level of demand and referrals from schools, parents and other agencies for support to pupils with additional needs. In previous years, in recognition of this pressure, Schools Forum 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**. The overspend on the DSG in 2021/22 is estimated to be £3.3m, resulting in a cumulative forecast deficit of £9.125m, which under current regulations needs to be "made good" in future years from the Dedicated School Grant allocations.

49. This rising deficit is a key issue for the school's community and the Council. At this stage a balanced budget is still not forecast nor currently achievable, and therefore the deficit will continue to rise. The level of the deficit as at end of March 2022 is forecast to be more than the Council's general fund reserve, by more than £3m.

50. 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 until the end of 2022/23 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.

51. Although legislation at present requires this deficit to be funded from the Dedicated Schools Grant, the higher the deficit increases without any funding solution there is clearly a rising financial risk for the Council and the schools in Torbay. Inevitably if there is a risk that the council will have to fund this deficit then the fundamental financial impact on the Council will result in a Section 114 notice being issued and service and school spend being reduced or stopped.

52. On the 17 February 2022 the Council was informed by the Department of Education that *"your authority will shortly be invited to take part in the 'safety valve' intervention programme with the DfE in 2022-23 financial year. The aim of the programme is to agree a package of reform to your high needs system that will bring your dedicated*

schools grant (DSG) deficit under control". Although the details of the consequences of the intervention are unknown, this letter at this stage can only be welcomed.

Adult Social Care

53. The Council's budget proposals for 2022/23 includes the contract sum agreed with the ICO and CCG to continue the highly regarded system of integrated health and adult social care within Torbay. This is the third and final year of the current three-year arrangement, supported by a focussed cost improvement plan for adult social care. The contract value for 2022/23 is £47 million.

54. Any additional funds raised by the 2022/23 Council tax precept of 1% (approx. £0.750) have been earmarked for adult social care.

55. The Council has been in forms of integrated health and adult social care arrangements since 2005 with the CCG (Clinical Commissioning Group) and the ICO (Torbay and South Devon NHD Foundation Trust). The current financial arrangement expires in March 2023. To provide financial and service certainty to all parties, negotiations have been ongoing to extend the current arrangement for a further two years for 2023/24 and 2024/25.

56. All three parties are committed to the continuation of the successful integrated arrangement continues, and a two-year extension has been agreed subject to approval by the relevant formal approvals of each party. Therefore, Council is recommended that to ensure the continuation of the integrated health and adult social care arrangements with the CCG and the ICO for a further two financial years to 2025, that the Council allocate funding of £55.4m for 2023/24 and £56.5m for 2024/25.

57. To support integrated health and adult social care improvements the CCG and the Council will agree a s256 Health Act 2006 "joint working agreement" with the CCG providing £10m of funding to support in 2021/22. This funding will be recognised in 2021/22 and then carried forward to support related expenditure over the next three years.

58. Officers fully support the proposals and consider the funding allocations for 2023/24 and 2024/25 a "fair and robust" position for the Council and enables financial certainty for the Council for these years for this vital service.

59. The Government has introduced an increase in employer and employee national insurance contributions from April 2022 as a Health and Social Care levy to fund changes in those services. In the Spending Review it was announced that for the first three years the majority if this funding (85%) would be allocated to the NHS. Of the 15% for social care. Of this 15% approximately 2/3rd will be allocated direct to local government over the next three years with the national allocations over the three years being £0.2b, £1.4b and £2b.

60. The Councils allocation in 2022/23 is £0.559m and has been allocated as the Market Sustainability and Fair Cost of Care Grant. DHSC have stated that "the 2022/23

funding is designed to ensure Councils can prepare their markets for reform and move towards paying providers a fair cost of care, as appropriate to local circumstances”. The Council will earmark this grant for the identified purpose.

61. It should be noted that any new funding and cost implications of the Adult Social Care “white paper” and any funding from the Health and Social care levy allocated by the Market Sustainability and Fair Cost of Care grant is outside the current future ASC proposal due to the ongoing uncertainly of the new requirements. Full detail of the changes to adult social care to be funded from the Levy are yet to be announced. There is a government “white paper” and more detail expected during 2022.

Children’s Services

62. As Council is aware an additional £7m was added to the children’s social care budget in 2020/21 to re base the budget to reflect demand levels allowing for a contingency for demand. In addition, £2m was allocated to the service to enable investment in areas to enable service improvements. Areas for investment included SEND, senior management capacity, commissioning, procurement, recruitment and retention, social work academy, and investment in fostering for carers who look after children with complex needs.

63. As a result of these investments and improvements within the service itself, the outturn in 2020/21 was below budgeted levels. The 2021/22 budget was reset at a level that reflects the lower levels of cost allowing a contingency for higher numbers of looked after children.

64. For 2022/23 there is expected to be further financial gains primarily from a lower level of exceptional costs in the service and reductions in the total cost of staffing as the success of the learning academy and recruiting permanent posts will reduce the level of agency staff required. The Childrens budget is however subject to cost and demand variations from the numbers and provision for looked after children. To mitigate this risk a new earmarked £1m reserve will be established.

65. Within the 2022/23 budget there is an allocation of £400k for investment in the SEN service to deliver improvements in the service and £100k investment in youth services.

SWISCo

66. The budget proposals include a £1.5m reinvestment in the SWISCo budget to “rebase” to reflect actual levels of cost and income. The aim of this is to provide adequate funding for SWISCo going forward. Future budgets should then be linked to inflation, property growth and any service changes the Council may wish to implement.

Estimation of Council Tax Surplus/Deficit

67. 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. This would historically be a surplus figure of approximately £1.7m.

68. COVID-19 has had a significant ongoing impact on the collection of council tax. The 2021/22 position is better than 2020/21 but lower than pre COVID levels. Consequently, the Council will recognise a surplus in 2022/23 of £0.8m.

69. As the Council sets a collection rate within its tax base equivalent to the amount collected in the 12 months of the next 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. Historically the Council has assumed a 96% in year collection rate which has been re-established for 2022/23 however a value equivalent to 1% will be held in contingency for potential losses in 2022/23.

70. The ongoing economic impact of COVID on Torbay residents combined with "cost of living" increases from national insurance rises, fuel and utility costs could result in more Torbay residents facing financial hardship which the Council will continue to be mindful of.

71. 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

72. 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., SBR) 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).

73. 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.

74. However, with the economic uncertainty likely to negatively impact the collection rates from COVID, the collection rate for NNDR in 2022/23 has been assumed to be improved compared to 2021/22 but lower than 2019/20. There is a new COVID related business rate relief scheme for 2022/23 along with a freeze in the NNDR multiplier. The Council will continue to be compensated for this loss of NNDR income.

75. DLUHC have delayed the implementation of a revised NNDR retention scheme to at least 2023/24 and have also now confirmed that a “reset” of NNDR baselines to reflect growth since 2013 has also been delayed.

76. The Council along with other Devon Councils will continue with a NNDR pool for 2022/23 with an estimated gain to Torbay of £0.9m. The future of pools and the resulting financial gains are not certain under any new NNDR system from 2023/24.

Council Tax and Referendum Limits

77. 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 set again at 2% or over for 2022/23. The Partnership’s budget is for a 1.99% increase in this element. In addition, DLUHC have offered Councils the flexibility to increase council tax by a further 1% for Adult Social care and the budget includes an additional 1% for this specific purpose.

78. Council will be aware that 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 2022.

79. The Secretary of State will consider the three component parts, not the overall bill, and, if any one of the three organisations were capped, the Council would have to re-bill.

80. In 2021/22, Torbay had the lowest Band D Council Tax in Devon at £1,967.56 including the Fire and Police precepts but excluding parish and town council precepts. A summary of some other Devon Councils’ Band D rates are as follows:

	Torbay (Unitary council)	**Plymouth (Unitary council)**	**Exeter (City Council)**	**South Hams (District Council)**	**Teign-bridge (District Council)**
District Council	-	-	165.05	175.42	180.17
Devon County	-	-	1,511.28	1,511.28	1,511.28
Total	1,641.00	1,653.35	1,676.33	1,686.70	1,691.45
Fire & Police	326.56	326.56	326.56	326.56	326.56
Band D (excluding parish precepts)	1,967.56	1,979.91 +0.6%	2,002.89 +1.8%	2,013.26 + 2.3%	2,018.01 + 2.6%

Table last updated 30 March 2021

81. 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 £58.09.

Pay and Pensions

82. The 2021/22 pay award for staff (current employer offer is 1.75%) has not yet been agreed which provides uncertainty for the current year and 2022/23. The 2022/23

budget assumes a 2% pay award while a contingency will be s held if the pay awards are higher along with any impact of the living wage and/or increases on lower grades over the “headline” award.

83. From April 2022 there is a 1.25% increase in the Council’s employer national insurance contributions which has been provided for. It was announced that Councils would receive compensation for this cost however no specific funding for this has been announced for 2022/23.

84. There will also be a similar pressure from this rise on the Council’s suppliers and subsidiary companies.

85. In 2019 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 2020/21, for three years, resulted in an increase in Torbay’s “primary” rate to 16.7% (from 14.8%), this increase has however been more than offset by a significant reduction in the Council’s “secondary” rate (i.e., deficit) lump sum payment.

Services Grant

86. The Partnership’s allocation of the one-off £2.243m Services Grant in 2022/23 is as follows.

Investment in SWISCo including digitisation	£0.428m
Investment in SEN	£0.400m
Investment in “Premier Resort”	£0.500m
Investment in Capacity to deliver projects	£0.500m
Investment in Planning Service	£0.200m
Investment in Climate Change	£0.100m
Community Ward Fund	£0.072m
Support for (potential) Devon Deal	£0.043m

Reserve Levels

87. The Council’s general fund reserve of £5.6m as at the end of 2020/21 is at a level that is close to 5% of the Councils net budget. The Partnership have been supportive by increasing this balance to a level that is close to 5% of the Councils net budget.

88. By achieving a general fund level of 5% is prudent for the Council and this will be the first time in a long period this level has been achieved. As a guide in 2004/05 the level was 2%, in 2010/11 level was 3% and in 2019/20 the level was 4%.

89. The 2022/23 budget does not include any use of any earmarked reserves to fund “base budget costs to achieve a balance. Earmarked reserves are being used to fund the three-year impact of the collection fund deficit and to cover some COVID related costs that are not expected to be permanent.

90. 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

91. To provide more information and transparency on Councils’ financial position, CIPFA issue a “Financial Resilience Index” to provide information which is available on their website.

92. The Index shows the assessment (based on 2020/21 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 share of its budget on this service is high and it has an inadequate OFSTED judgement. In addition, the Council’s level of borrowing (linked to its investment property purchases) and therefore its interest costs are higher risk than average.

Longer Term Future Council Funding

93. The Medium-Term Resource Plan was updated at the end of March 2021 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 just a one-year Local Government Financial Settlement which does not help with longer term financial certainly over future funding.

94. DLUHC’s aim of implementing a new funding formula and a revised business rates retention system (both last updated in 2013) has now been delayed for a third year to 2023/24 at the earliest. Progress to a new funding formula has not significantly advanced since the two consultation documents issued in December 2018.

95. As the Services Grant was allocated for one year only in 2022/23 and there was only a one-year funding settlement despite a three-year Spending Review does strongly suggest that in 2023/24 a redistribution of council funding is likely to happen.

96. As an initial guide, prior to more detailed work being undertaken post 2022/23 budget setting, it is estimated that for 2023/24 and 2024/25 the Council will require in the

region of over £9m of reductions to achieve a balanced budget. In addition to the funding uncertainty, the Council's three-year agreement with the ICO for adult social care will need to be renegotiated for 2023/24 and there will be a pension revaluation which will be implemented from 2023/24.

TORBAY COUNCIL

Cabinet's Response to Consultation Budget 2022-2023

February 2022

Budget 2022-2023

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Statement from the Leader and Deputy Leader of the Council

In accordance with the Council's Constitution, the Cabinet is proposing a balanced Revenue Budget of £120.8 million for 2022/2023 and a 2022/23 Capital Plan of £114 million for the Council's consideration.

As we said when we launched the consultation, we are committed to investing in our priority areas of ensuring we have thriving people and a thriving economy and in tackling climate change.

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 majority of people who responded to our survey were in favour of the proposals, but we have considered all the responses and suggestions and have made changes to our proposals in response to these.

We will be **investing in Torbay's people** as we continue to deliver our Housing Strategy. We had identified £500,000 for additional capacity across the Council and £210,000 of this will be allocated to ensure that we can bring empty properties back into use, that standards of private sector housing are improved and that those housing sites with planning permission are progressed through to development. In addition, we are proposing that £35,000 is used to support the introduction of Interim Management Orders within the private rented housing sector, to ensure that where absolutely necessary we can intervene to ensure standards are raised for tenants.

We are aware of residents' concerns around road safety especially around our schools and we are proposing that £30,000 is allocated to carry out awareness campaigns to improve safety.

We have listened to the concerns of our vulnerable residents and will introduce a scheme to distribute free passes to them to use our public toilet passes with a fair usage policy. Such a scheme will enable us to continue to fund the operation, maintenance and upkeep of this discretionary service whilst recognising that, for some groups and individuals, the move to pay-as-you-go and contactless payments is challenging. For beach hut users we will be including a public toilet pass as a part of their hire agreement, again with a fair usage policy.

We will be **investing in Torbay's economy** and in particular investing in our ambition of being the premier UK tourist resort. We know that our car parks need investment after years of austerity and so we are proposing that a £1 million programme of upgrades is undertaken with the initial focus on resurfacing and improving lighting and signage. This is on top of the investment that is already underway with new ticket machines and electric charging points.

The cleanliness of our streets is also important to both our visitor economy and our residents and £100,000 of one-off funding will be used for a clean streets initiative to tackle issues such as fly-tipping and dog fouling. We will ensure that this investment is focussed on residential and town centre areas as well as our tourist areas.

As our harbours continue to play a vital role in our offer to residents and visitors, we are proposing a further reduction in the asset charge to the harbour account, whilst at the same time our new Harbour Master will be completing his review of the demands on the harbour account for our consideration.

Our capital investment programme to create Spaces to Thrive will continue with additional capacity created to ensure delivery of these schemes whilst ensuring our community is engaged as we progress. We are aware of the risk of increasing costs as supply chains continue to be challenged and inflation increases, and therefore a contingency fund will be established to protect the Council from rising costs.

Our **commitment to tackle climate change** continues with additional staff proposed to deliver our own carbon neutral plans as well as working with the community on a Torbay-wide carbon neutral plan. In order that these plans can be as ambitious as possible we are proposing to create a £1 million climate investment fund to deliver projects and initiatives across Torbay.

Finally, we will invest so that we are a **Council fit for the future.** The increase in public participation in our public meetings during the pandemic was noticeable and much welcomed. With the government now requiring that our formal meetings are held in person we want to invest in the technology to be able to livestream these meetings, thereby strengthening democratic accountability.

As our improvement journey continues with our Children's Services, we need to ensure that the governance arrangements are in place to facilitate this critical improvement journey and it is recommended that £40,000 is allocated for this purpose.

We also need to ensure that our health and safety obligations are met across the entirety of our estate and £50,000 is proposed to meet this aim.

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 becoming the premier tourist resort in the UK.

Councillor Steve Darling

Leader of Torbay

Councillor Darren Cowell

Council Deputy Leader and Cabinet Member for Finance

Introduction

This document and the papers which support it set out the Cabinet's final proposals for the Revenue and Capital Budgets for 2022/2023.

The Cabinet published its draft budget proposals in January 2022 for consultation. During the consultation period, feedback has been received from the community and voluntary sector and the public. That feedback has been gathered through the online questionnaire as well as from Torbay Council's social media channels (including responses to the Ask Us Facebook Live panel held in November 2020).

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

The results of the consultation have been published and the budget proposals issued in January 2022 have been updated and republished. All these documents are available at www.torbay.gov.uk/budget-202223

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-202223) and are listed below:

- **Torbay Council – Revenue Budget Digest 2022/23**
  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 future funding of Torbay Council after the Government announcements of both the Spending Review and the Local Government Finance Settlement.
- **Fees and Charges**
  The amount that the Council proposes to charge for its services over the next year.
- **Capital Plan 2022/2023**
  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 3 March 2022 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

Proposed Changes to the 2022/2023 Revenue Budget

Since the Cabinet's budget proposals were issued in January 2022, we have continued to review the assumptions upon which we based our proposals. In addition, further confirmations have been received from central government 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
Road Safety		30	This funding will be used to promote road safety through a campaign of activity.
Climate initiatives		120	This allocation within the base budget would fund £1 million of borrowing (repaid over 10 years) which will be used to implement projects to address the climate emergency.
Climate change projects	100		The above proposal would negate the original proposal of one-off funding for climate change projects.
Clean streets initiative		100	Given the above, it is proposed that this one-off funding is now used to tackle environmental issues such as fly-tipping and dog-fouling.
Harbours		25	This is a further reduction in the funding to the Council's revenue account from the harbour account as was originally proposed.
Car park investment		120	This allocation within the base budget would fund £1 million of capital investment in our car parks (repaid over 10 years). The initial programme will include resurfacing and improved lighting and signage.
Changes to car park income	120		The proposal above would be funded from the income projected from car parks in the coming year.

Contingency for the Capital Plan		200	Given the cost pressures that our capital schemes are currently under, it is proposed that an additional £4 million of capital investment is identified. This will be funded by borrowing over a 30-year period. The conditions for the use of this borrowing will be agreed by the Chief Financial Officer.
Inflation contingency	200		To fund the above proposal, the amount of the contingency originally proposed to be held to cover inflationary pressures will be reduced.
Free passes for public toilets		75	In response to consultation feedback, a scheme to distribute free passes for use of our public toilets for certain vulnerable groups within the community will be introduced. Separately, we will include a toilet pass within the hire agreement for beach huts. A fair use policy will be introduced for these passes.
Interim Management Orders		35	This funding will create additional capacity to support the introduction of Interim Management Orders in relation to improving private sector housing standards.
Livestreaming of meetings		90	Additional money is required to enable the live streaming of meetings of the Council, Cabinet and Planning Committee to strengthen the democratic accountability of the organisation.
Health and safety		50	To ensure health and safety compliance across the Council's estate, there is a requirement for a further Health and Safety Officer.
Governance Support		40	This funding would provide additional capacity to support the governance arrangements required to facilitate critical improvement activity within Children's Services.
Other net adjustments	11		
Sub total	431	885	
Net Change in Services		454	

Increased National Non-Domestic Rate income	454		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 2022/2023

The Council is being asked to approve the Cabinet's proposal for the total net revenue budget for 2022/202 and the budget that will be required to be funded from Council Tax.

The Council is also being presented with the allocation of the 2022/2023 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 2022/2023, 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.

Service	Expenditure £m	Income £m	Net £m
Adult Services	60.2	(16.5)	43.7
Community and Customer Services	45.5	(42.9)	2.6
Housing Benefit included in Customer Services	37.0	(37.0)	0
Sub Total – Adult Services	**105.7**	**(59.4)**	**46.3**
Children's Services	**106.9**	**(61.1)**	**45.8**
Dedicated Schools Grant including in Children's Services	*47.1*	*(47.1)*	*0*
Public Health	**10.4**	**(0.3)**	**10.1**
Corporate Services	9.3	(2.9)	6.4
Chief Executive's Unit	4.8	(1.2)	3.6
Sub Total – Corporate Services	**14.1**	**(4.1)**	**10.0**
Finance	**30.7**	**(38.5)**	**(7.8)**
Investment Properties	**9.5**	**(14.1)**	**(4.6)**
Place	**43.6**	**(22.6)**	**21.0**
TOTAL	**320.9**	**(200.1)**	**120.8**
Sources of Funding			
Council Tax			78.1
Collection Fund Surplus/(Deficit)			0.1
Revenue Support Grant			6.8
Business Rates (NNDR)			35.6
Other Grants			0.2
TOTAL			**120.8**

Table 2: Revenue Budget 2022/2023 - Summary

The value of Council Tax after a rise in the Torbay element of the Council Tax of 1.99% and a 1% rise for Adult Social care is £78.1 million. This 2.99% rise will increase the Band D Council Tax in Torbay by £49.07 (of which the 1% rise for adult social care is £16.41), which equates to 94 pence per week.

When the Council formally sets the Council Tax for 2022/2023, the Council's budget must include the council tax requirement for Brixham Town Council. The value of this precept will be included as part of the Torbay Council budget for Council Tax setting purposes.

Capital Plan 2022/2023

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.

Based on the latest forecasts our four-year Capital Plan was £282 million with a programme of capital works of £112 million in 2022/23.

It is now proposed that three additional amounts of borrowing are undertaken to enable investment in our priorities (£1 million each for car park infrastructure and climate change initiatives) and £4 million as a contingency for our overall capital programme.

Therefore, our four-year Capital Plan is now £288m with a programme of capital works of £114m in 2022/2023.

Of that, £68 million has been allocated to projects and the remainder is borrowing primarily allocated for housing and regeneration schemes which we will allocate to specific projects over the course of the year based on business cases.

The schemes within the £68 million of allocated funding include our Spaces to Thrive programme such as the Torbay Harbour Public Realm, Edginswell Railway Station and Station Square and Torbay Road in Paignton. An extra care housing scheme at Crossways, Paignton (including commercial space on the ground floor) will be part funded through the Future High Streets scheme.

There is work being undertaken to expand St Cuthbert Mayne and Mayfield Schools. Construction work on the solar farms at Brokenbury and Nightingale Park is due to start in 2022/23.

We will be using the Torbay Growth Fund to provide start-up units for local businesses at Lymington Road, Torquay and the construction and future rental of two new units at Edginswell Business Park. The redevelopment of former the public toilets at Corbyn Head and Preston to create two new café units is also planned during the year.

There will be further investment with Parkwood Leisure at the Riviera International Conference Centre on both improving facilities and undertaking longer term structural repairs.

In addition to the ongoing structural maintenance and integrated transport programme, work is ongoing on the Western Corridor.

This document can be made available in other languages and formats.

For more information, please contact consultation@torbay.gov.uk

TORBAY COUNCIL

Revenue and Capital Budget 2022/2023 – Report of the Overview and Scrutiny Board

Report to the Cabinet

January 2022

1. Background

1.1 The Cabinet's Draft Revenue and Capital Budget proposals for 2022/2023 were published on 12 January 2022 and available on the Council's website at https://www.torbay.gov.uk/council/finance/budget/budget-202223/. The Revenue Budget Digest set out the proposed budget for each Council service for 2022/2023. The website also included further documents which set out: the proposals investment in services, efficiencies and income generation; proposed fees and charges; Review of Reserves, Capital Plan Budget and Strategic Asset Management Plan. The Priorities and Resources Review Panel was established to scrutinise the proposals and to make comments, observations and recommendations as necessary.

1.2 The Review Panel comprised the councillors on the Overview and Scrutiny Board (namely Councillors Atiya-Alla, Barrand, Brown, Bye, Mandy Darling, Douglas-Dunbar, Foster, Kennedy and Loxton and was Chaired by Councillor Douglas-Dunbar, Councillor Chris Lewis attended the meeting on 17 January 2022 in place of Councillor Bye and Councillor Dudley attended the meeting on 20 January 2022 in place of Councillor Atiya-Alla) and it met in public on 17 and 20 January 2022 to hear evidence and on 24 January 2022 in private to agree the key findings and recommendations to the Cabinet. At its public meetings the Panel heard from the Deputy Leader of the Council and the Cabinet Members as well as from officers from the Senior Leadership Team.

1.3 The Panel considered all of the proposals for investment in services, efficiencies and income generation for 2022/2023 as well as the overall budgets for Children's Services, Adult Services and Public Health and the findings from their meetings are set out in this report. The report was presented to the Overview and Scrutiny Board on 27 January 2022 and approved unanimously and will now be submitted to the Cabinet as part of the consultation process.

1.4 The background papers to the Review can be found at https://www.torbay.gov.uk/DemocraticServices/ieListMeetings.aspx?CommitteeId=1871

2. Council Fit for the Future

2.1 Members acknowledged that the budget proposals had been developed with the continued financial impacts of Covid-19 and the Government having only provided a one-year Local Government Finance Settlement. The proposals included investment in several priority areas (thriving people, thriving economy and tackling climate change) with savings proposed to be made as a result of further efficiencies and investment, as well as allocation of an additional one-off Services Grant.

2.2 Members welcomed that there were no proposed cuts to services, which would adversely impact our communities who have already suffered because of Covid-19. However, Members acknowledged that the Council intended to increase the Council Tax by 1.99% allowed by the Government and the additional 1% for Adult Social Care which would increase the financial pressure on some families, especially in light of increasing energy costs. Members felt that the Council could do more to support residents who were most financially stretched through raising awareness of available support and signposting to organisations who could provide advice and guidance to them.

2.3 **Use of one-off investment.** Members were concerned in respect of the future sustainability of using one-off investment in certain areas within the budget proposals. They were advised that the use of one-off investment would enable the Council to have the capacity to progress with important capital and other major projects which otherwise would be delayed or not implemented without such investment. It would not be appropriate for such costs to be included within the base budget as this would result in further cuts needing to be identified for future years budgets. The Council was already expecting to need to find around £9m of savings in 2023/2024 and 2025/2026.

2.4 **Redesign of Council operations resulting from new ways of working (one-off funding).** Members sought assurance that the anticipated savings were realistic as they relied on changes in behaviour which would take a while to embed and were concerned over delays to the Customer Relations Management System. Members received and noted the following written response and were given such assurance to support this proposal:

> "This saving chiefly depends on ways or working that have already been embedded in the Council, we are now in a position to realise savings from the changes, which do not rely upon the new Customer Relations Management system (CRM). The savings will come from a reduction in staff travel, a vastly reduced print requirement and a smaller reduction in our postage costs due to use of digital channels. Therefore we have confidence that these savings are realistic.
>
> To note on the CRM work, Open Portal will be going live at the start of the new financial year, this is a new Civica Open Revenues product that will enable customers to process claims, pay bills, and update their accounts at a time convenient to them. This is the first of the new portal improvements this year and will be a foundation stone for the

new Civica CRM, which will bring further services online through a portal where our customers will be able to track their interaction with the Council when and where they want to use our services."

2.5. **Increase organisational capacity (one-off funding).** Members questioned the areas which would benefit from this funding and how the capacity would be sustained and raised concern over the lack of capacity within the Overview and Scrutiny Support Function, within the Governance Support Team, which had resulted in the suspension of the Enforcement Action in Torbay Review and not allowed proposals to create an Adult and Public Health Sub-Committee, similar to that established for the Children and Young People's Overview and Scrutiny Board, to be pursued. The Deputy Leader of the Council and Cabinet Member for Finance confirmed that this investment was designed to ensure that the Council could retain key staff and to fill the gaps where there were significant capacity pressures. The work market was very competitive at the moment and recruitment and retention is a pressure and this funding will be used to ensure that we have capacity and ability to fill vacancies and retain staff who have significant experience. A decision had not yet been made as to which specific areas would benefit from this funding but details were being developed by the Senior Leadership Team for consideration by the Cabinet.

2.6 **Investment in IT within SWISCo (one-off funding).** Members supported the review and rationalisation of IT licences to ensure consistency across the whole of the Council and to remove any unnecessary licences. However, Members sought assurance that the proposed investment of £1.5m in SWISCo after years of underfunding by Tor2 would be sufficient given the additional investment already made in 2021/2022 and the report of a significant overspend in this financial year. Members received and noted the following written response and were assured by the proposals:

"Since the end of the Tor2 contract and the start of SWISCo (1st July 2019) the Council has been working with the SWISCo Board to establish the correct level of annual funding to allow the company to deliver the core services to our communities, within a sustainable financial envelope. A new Managing Director for SWISCo will commence work at the end of January and the £400k investment in IT will improve the efficiency of the company. As the shareholder the Council has placed the Finance Director/Section 151 Officer on the SWISCo Board and the Council's Deputy Head of Finance also attends the SWISCo Senior Management Team. The financial position of SWISCo is being heavily scrutinised to ensure that the right level of funding is made available to the company. We do not expect to apply for further revenue funding, but this cannot be ruled out, especially as the HGV driver shortage has not been fully resolved. A request for further capital funding for SWISCo can certainly be expected in future years as investment in vehicles and plant will be required."

2.7 **Investment in Planning Services (one-off funding).** Members questioned the lack of proposals in respect of investment in housing and referred to the emerging recommendation from the Torbay's Housing Crisis Review and sought assurance on how this would be addressed to ensure that the Council is increasing available housing, especially affordable housing in Torbay:

"that a dedicated resource should be appointed to carry out appropriate enforcement on poor standards of accommodation and to bring empty properties back into use and an additional resource should be appointed to chase developers to progress sites which are not coming forward but have received planning permission; this is all linked to the establishment of the enabling role in house."

Members received and noted the following written response:

"50% of the proposed one-off funding will be used to provide additional Development Management support and assist in clearing the backlog of older cases and reduce Officer Workloads and create a more sustainable workload per officer. In addition, we aim to provide a temporary resource to help progression with the stalled sites and untidy sites list. This will be through the use of agency staff, for a limited period. The other 50% of the funding will be used to address some of the digitisation of elements of the planning Service, in order for the more efficient operation of the service."

Members supported the proposed investment in the Planning Team but were not satisfied that the response provided sufficiently addressed the concerns and proposals raised by Torbay's Housing Crisis Review Panel and have included their recommendation in the recommendations to Cabinet in section 6 of this report. In making this recommendation Members were aware of the difficulties in recruiting staff particularly within the Planning Team but highlighted the importance of ensuring that there was sufficient capacity within the Planning Team and Enforcement Team in order to help bring forward more housing, particularly affordable housing in Torbay and hoped that officers would be able to find a way to recruit the required officers within the additional investments proposed.

2.8 **Highways Budget.** Members noted that there were no proposed changes to the highways budget but highlighted that this was an area of concern that many local residents raised with them in their role as Ward Councillors. It was suggested that further investment should be made in our highways in terms of road safety, residents' parking and highways maintenance and that this will be explored further by the Overview and Scrutiny Board.

2.9 **Community Ward Fund.** Members supported the continuation of the Community Ward Fund to support community activity within each Council Ward.

3. Thriving People

3.1 **Adult and Children's Social Care.** Members supported the proposal to allocate the Social Care Grant to Children's and Adults Social Care to help improve the adult social care provider market and to provide a contingency for increased placement costs, additional funding for youth support and cover National Insurance and Inflationary costs for Children's Services.

3.2 **Adult Social Care and the Integrated Care Organisation.** Members acknowledged the increasing costs of Adult Social Care due to additional need, increasing costs for providers e.g. utility bills, staffing and other inflationary costs. Whilst the Government was increasing National Insurance this was initially being used to fund pressures within the NHS and would not reach Adult Social Care for at least three years. It was noted that the overall budget for Adult Services had already been set and was the final year of a three-year budget which had previously been agreed between the Council and the Integrated Care Organisation (ICO). Members questioned the impact of the ongoing negotiations between the Council and the ICO in respect of the agreement from 2023 and were assured that agreement was anticipated in the next few weeks and that any changes would impact on the budget for 2023/2024 and not 2022/2023.

3.3 **Investment in Special Educational Need and Disability (one-off funding).** Members supported the proposal to provide additional funding to help children benefit from earlier identification of targeted support for additional needs. This had been identified as an area for improvement by the Council and our partners through a recent Peer Review and Ofsted Inspection.

3.4 **Use of alternative funding to continue work with Groundwork South West.** Members were concerned over the intended use of Section 106 moneys when the Council had been unable to spend such money in the past due to constraints within the agreements restricting what the monies can be spent on and asked what other consideration had been given to greater use of volunteers to assist with this role and reduce costs. Members received and noted the following written response and supported this proposal:

"Green Space Section 106 monies have historically proved a challenge to allocate in accordance with the legal deed due to officer capacity and the lack of 'Friends of Groups' or such groups not necessarily being pro-active enough. With the support of SWISCo's Communities Team and the specific funding for this post, future and wider support of community volunteering and 'Friends of Groups' within green spaces, more Section 106 allocations will be achieved.

Community engagement and volunteering requires management and guidance to complete risk assessments, method statements and compliance with insurances that require officer input. The Green Spaces Engagement Officer role is to support such groups for example the Tree Warden Scheme and provide professional support and guidance.

Funding for the Green Spaces Engagement Officer within SWISCo will take a percentage top slice of the Section 106 legal deeds. This is currently a 2-year fixed role. There is a budget of £1.1m and these costs will be included.

This budget proposal relates to the commissioning of Groundwork from the Community Engagement budget but the risks around allocating Section 106 money still applies, although it is still achievable."

4. Thriving Economy

4.1 **Review of fee structure for beach huts.** Members supported the proposal to review the fee structure for beach huts to meet the demand for sites based on location, facilities etc.

4.2 **Prudential borrowing costs for the Pavilion.** Members supported this proposal which would help to progress repair works to the Pavilion and start the journey to bring this disused building back into future use.

4.3 **Reduced contribution from the Harbour account.** Members supported transferring £75,000 back into the Harbour account as the Harbour reserves had been used over the past years to help fund the overall Council budget reducing the amount available for the Harbour to spend on unforeseen costs.

4.4 **Premier Resort funding (one-off funding).** Members questioned the sort of events proposed under this funding, if the level proposed was sufficient and how would more permanent funding solutions be found. Members received and noted the following written response:

"This budget is able to provide additional support to further the commitment to the visitor economy. We know from the evidence that is being collected by TDA for a new Destination Management Plan (DMP) that the sector wants to see investment which will help attract new visitors particularly visitors with an interest in cultural activities, we also know that other themes which are likely to be important include food and drink, watersports and the Geopark designation.
This investment is informed by the DMP but also by the Events Strategy which sets out that we want to achieve:

- A year-round, area-wide events offer
- Support recovery from Covid-19 pandemic and sets direction for events in the Bay
- Use events to meet the vision of premier resort
- Meet social, cultural, economic, skills and sustainability needs of the local area
  And;
  - Enhance the national and international profile and reputation of the area (including profile of UNESCO Global Geopark designation)
  - Deliver high quality events
  - Attract visitors to the area year-round and align with the Destination Management Plan
  - Deliver measurable benefits for local businesses

- Encourage civic pride and community cohesion

We also know that the visitor economy sector and our visitors want to be able to see improvements in other areas of the Bay to help encourage visits and while the proposed investment is likely to support events and the objectives referenced above we will explore how the funding might support improvements in infrastructure that supports the visitor economy and potentially investment which can help improve the wider economy as a successful economy will help to provide revenues which support these activities in the future.

In addition to this funding the Council has previously allocated a further £750k of one-off funding towards Events, Culture & Heritage initiatives, which will be spread over a number of years. In the case of Events funding the money will be matched in some areas by the English Riviera BID Company, again over several years, to ensure that we continue to promote Torbay as a premier resort. Other previously allocated one-off funding includes £100k towards illuminations around Torquay Harbour, £150k towards beach/sea-front improvements and significant investment in the renewal of festoon illuminations in Torquay and Paignton."

Members supported this proposed investment and welcomed the closer working with the English Riviera BID Company and options to explore further funding opportunities for the benefit of residents and visitors of Torbay.

5. Tackling Climate Change

5.1 **Appointment of additional climate change officers and climate change subsidy (one-off funding).** Members supported the proposals to provide additional investment to enable the Council to increase activity to support climate change across Torbay to help reach its carbon neutral aspirations but did not feel that the funding went far enough towards reaching our targets. Members noted the joint working with Devon and the proposed communication and engagement work being undertaken to raise awareness of climate change and tips for residents to help them to make a difference. They also received and noted the following written response:

"We have commissioned the estate investment grade decarbonisation audits of a number of our buildings and the Green Fleet Review. From this we will have a pipeline of projects that the £100k can fund, but this will not go far. The 6 audits for schools are likely to suggest maybe a £1m pot would be needed to fully decarbonise. Information is being gathered from comparable Authorities as to what a reasonable figure would be required for the projects proposed, to allow us to meet our Carbon reduction targets.

The Council's bold ambition to become carbon neutral needs to be matched by bold action, which should include timely and supportive decision making. In general terms the impact of this funding on the Council's response to tackling climate change will be modest but it will certainly help identify what actions are required and the likely investment that will be necessary."

5.2 **Reduction in cost for disposal of residual waste.** Members sought assurance that this target was achievable considering the impact that Covid-19 has had on our waste collection rates, with many residents not receiving regular collections due to staff shortages and questioned what other options had been considered to help increase recycling rates and reduce the amount of residual waste collected. Members received and noted the following written response and their concerns were alleviated although they appreciated that this was a very challenging target:

"Through the interventions of our Recycling Support Co-ordinators (RSCs), at a household level (monitoring activity, leaflets, bin stickers and door knocking), we are seeing increases in both yield and participation levels e.g. food waste collected has risen from 42.8 kg/household in 2019/20 to 48.62 kg/household in 2020/21. However, the pandemic increased both recycling and residual waste (residual more than recycling) and the arisings have not yet returned to pre-pandemic levels. We do not yet know if they ever will, as so many people might work from home on a permanent basis.

We are hoping that the RSCs will be able to attend community events this year, to further encourage participation in recycling. However, through engagement and communication alone, without any bold service changes, which could also free up the resource to establish a garden waste collection, the impact of the RSCs will be modest and incremental (estimated at circa 2% increase each year). We also need to recognise that many of our planned campaigns for recycling have been postponed during the last year due to collection delays.

Delays in waste collections may also have a longer-term impact on people's recycling behaviour as they lose faith in the recycling process. The loss of faith in materials actually being recycled is identified nationally as a barrier to recycling by the Waste and Resources Action Programme (WRAP).

The corporate plans to increase recycling and to reduce residual waste have been laid out in the Council's Resource and Waste Management Strategy and its associated Action Plan. In addition, we are focussing on identifying households with additional residual waste bins and asking them to re-apply for the additional bin, alongside support to recycle more.

A 1% improvement in the recycling rate saves about 500 tonnes of residual waste and this delivers a £50k saving in the waste disposal budget. Therefore, a 2.4% annual improvement delivers £120k, which would cover the cost of the work delivered by the four RSCs and a 4.8% annual improvement would also deliver a £120k base reduction but the new and improved recycling rate would need to be sustained.

In addition to the kerbside collected residual waste, this particular budget line also covers the Recycling Centre residual waste costs, as well as the street cleansing waste and some of these areas are beyond the influence of the

Recycling Support Co-ordinators. In summary this target is indeed a challenge and many variables exist which limit our ability to deliver this saving."

6. Recommendations

That the Cabinet be recommended:

6.1 to review the resources within the Governance Support Team in respect of the Overview and Scrutiny Function to ensure that there is sufficient capacity within the Team to enable an effective and efficient overview and scrutiny function which adds value and supports the good governance of the Council;

6.2 to ensure adequate support services are put in place to support our residents facing financial difficulty to raise awareness of the support available and to signpost them to relevant support and advice;

6.3 to consider increasing the investment in Climate Emergency to enable the Council to act upon the recommendations arising from the estate investment grade decarbonisation audits of our buildings and the Green Fleet Review in a timely manner;

6.4 that a dedicated resource should be appointed to carry out appropriate enforcement on poor standards of accommodation and to bring empty properties back into use and an additional resource should be appointed to chase developers to progress sites which are not coming forward but have received planning permission; this is all linked to the establishment of the housing enabling role in-house; and

6.5 to consider making significant investment in highways funding to be used to fund parking schemes, road safety and to help improve the highways in residential areas;

That the Overview and Scrutiny Board be recommended:

7.1 to add review of highways to the Overview and Scrutiny Board work programme to enable the Board to understand the current situation and explore the options available for highways improvements; and

7.2 to add the outcome of the Planning Advisory Service review of the Planning Service to the work programme to give the Board assurance that improvements are being put in place to support the service.

TORBAY COUNCIL

Budget 2022/23 – Consultation Results

11 February 2022

This document can be made available in other languages and formats.

For more information please contact consultation@torbay.gov.uk

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Introduction

The Cabinet published draft proposals for the Council's revenue and capital budget for 2022/23 in January 2022 and an online survey was created to gather public views. The survey opened on 13 January 2022 and closed at midnight on 8 February 2022.

There were 150 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.

During the course of the consultation, we also ran Facebook and Twitter polls on some of the proposals and those results are also included within this report.

There were also 3 written representations received from organisations in response to the budget proposals.

Summary

Proposal	Agree	%	Disagree	%
Social Care Grant split	111	74.0%	32	21.3%
Community Builders	89	59.3%	53	35.3%
Special Educational Needs and Disability early support	120	80.0%	23	15.3%
Torbay Sports Clubs	95	63.3%	47	31.3%
Investment towards our ambition of being the UK's premier tourist resort	111	74.0%	37	24.7%
The Pavilion	107	71.3%	40	26.7%
Allocation for Carbon Neutral Action Plans delivery	81	54.0%	65	43.3%
SWISCo investment	111	74.0%	37	24.7%
Community Ward Fund	115	76.7%	34	22.7%
Council Tax	89	59.3%	61	40.7%

Responses to the Proposals

Social Care Grant Split

We are proposing to split our Social Care Grant and allocate it equally between adult social care and children's social care. This will enable us to:

- Support the adult social care provider market (£1,168,000)
- Help to meet the increased costs in children's social care from inflation and the National Insurance increase (£568,000)
- Invest £100,000 in further youth support provision
- Create a contingency fund for the increasing costs of our children's social care placements (£500,000)

	Number	%
Agree with this proposal	111	74.0%
Disagree with this proposal	32	21.3%
No response	7	4.7%
Total	150	100.0%

In response to the Facebook and Twitter polls for this proposal there were 4 responses in agreement with the proposal and two against it.

The comments received in respect of this proposal have been grouped into themes and a sample of the responses shown:

General Theme	Sample Extracts
Prioritise Children	"I believe more money should go to children over ASC. The more support children get the less they'll need as adults"
	"Children's social care should have more"
Children's Services issues	"How many children in care in torbay are being supported elsewhere in the country and at what cost"
	"Are you examining the reasons for children coming into social care and doing something about that?......"
Prioritise Adults	"Adult social care is the priority"

	“Now that gov has announced the £1.4b national funding pot over the next three years (market sustainability and Cost for Care Fund) this proposal should be reviewed as the fund is to allocated for providers fees (nursing residential abs 18+ homecare) following a fair cost for care exercise”
ASC issues	“There is a need for a serious look into adult social care. Both my experiences were not good.”
	“Yes.. if more could be found to help ease the burden in our hospitals.. Provide places for patients ready to leave hospital to go too...”
Fair / Good	“Both are in desperate need of funds but this is the fairest way”
	“Its very good idea”
Council spending	“Don’t keep trying to blame the Government (NI increases). You have had a £4 million extra grant from the Government, for the next financial year. Stop bleating and get your house in order.”
	“WE can't afford a £500,000 contingency fund. At home everything is on the edge, we can't afford a "contingency fund" of any amount personally so you should be tightening your belt as well.”
Other	“Why is it th e people that are working to try and maintain a decent level of living, are getting penalised to pay more for the health care, whilst we are having our NI increased to offset This, and then Torbay council are penalising the workers again, whilst the unworking, for whatever reason, get away with paying anything”
	“More cash MUST be allocated for waste disposal and recycling. That is the priority.”
	“More investment is needed in post 16 and maybe teach your staff to care”
	“Ageing population. Stop taking families from other areas with large families draining our resources”

Community Builders

We are proposing to invest £900,000 over three years to fund the Community Builders, so their vital work within our communities continues. This will be funded from the adult social care precept of Council Tax.

	Number	%
Agree with this proposal	89	59.3%
Disagree with this proposal	53	35.3%
No response	8	5.3%
Total	150	100.0%

In response to the Facebook and Twitter polls for this proposal there were 32 responses in agreement with the proposal and 7 against it.

Special Educational Needs and Disability early support

We are proposing to invest £400,000 (on a one-off basis) to target early support for those children who come to our attention as having Special Educational Needs and Disability. As a result we will develop our early support for children and their families by improving and developing the range of services we provide.

	Number	%
Agree with this proposal	120	80.0%
Disagree with this proposal	23	15.3%
No response	7	4.7%
Total	150	100.0%

In response to the Facebook and Twitter polls for this proposal there were 26 responses in agreement with the proposal and 4 against it.

Respondents were asked to comment on any specific areas where they thought we should invest this money. The comments received have been grouped into themes and a sample of the responses shown:

General Theme	Sample Extracts
Education / Life Skills	"More 121 support in primary schools and at home for children with special needs"
	"Support in schools to ensure those with SEN can stay in school and get the help they need there."
	"Throughout their whole journey from early years to education to potentially work experience and jobs"
	"More life skills opportunities and alternative education opportunities"
Support suggestions	"More independent provisions that provide therapeutic approach - many children are coming out of the education system mentally scarred and traumatised anything from then on without this approach is going to fail."
	"Make HANDLE therapy available and accessible to all children with any special needs"
	"Respite Support for carers of children with special needs too"
Identification of SEN	"Autistic children in the bay . The waiting list for the diagnosis is too long and after the diagnosis there is just not enough help and support."
	"More prompt diagnosis, professional and peer support for parents and respite care."
Investment sum	"I don't agree with a one off payment, it will achieve little. If this is an important issue give it a little financial support each year not a one off single sum."
Other	"INVEST, INVEST? Tighten your belt and just pay for what is totally necessary we personally have no option."
	"We need to invest in our future"

Torbay Sports Clubs

In order to encourage our residents to be active, we are proposing to provide a further £50,000 investment for sports clubs as part of the Torbay on the Move initiative.

	Number	%
Agree with this proposal	95	63.3%
Disagree with this proposal	47	31.3%
No response	8	5.3%
Total	150	100.0%

Investment towards our ambition of being the UK’s premier tourist resort

We are expecting more people to holiday in the UK again this coming summer and we want to make the experience in Torbay as good as we can. We are proposing to invest £500,000 towards our ambition of Torbay being the UK’s premier tourist resort. This investment could be used for:

- additional staff during the peak season to keep our seafronts clean and tidy
- some improvements in seafront infrastructure and
- events at Christmas and for the Queen’s Platinum Jubilee

	Number	%
Agree with this proposal	111	74.0%
Disagree with this proposal	37	24.7%
No response	>5	~
Total	150	100.0%

In response to the Facebook poll for this proposal there were 23 responses in agreement with the proposal and none against it.

Respondents were asked for their views on where this investment should be focussed. The comments received have been grouped into themes and a sample of the responses shown:

General Theme	Sample Extracts
Tourism	“Long term investment in tourism, the bay relys heavily on income from tourism and we need it long term not just summer and Christmas. We should be promoting torbay as a great short getaway for half terms and Easter holidays.”
	“Firstly can inpropose that you consider implementing a small tourist tax. This Is common practice in most European resorts and would allow more investment in be h and other tourist areas and enable more and cleaning and maintenance”
	“The provision of Motorhome overnight parking in Torbay is all about boosting our local businesses and economy by encouraging people to visit our local towns and villages and preventing local businesses going bust.”
	“Tourists want to know that there will be good parking, at a reasonable price and that there will be good provision of loos for the family on the seafront - or they’ll think twice about a return visit.”
Cleaning & bins	“The public realm generally needs to be well maintained and clean and tidy, and not just the sea fronts”
	“There were times last summer when Paignton beech was covered in seaweed after bad weather.The seaweed was not cleared away and became smelly and very unattractive making the beech an unpleasant place to spend time particularly when the tide was in.”
	“why not get offenders doing community service to keep our streets cleaner?”
	“Why should the council only worry about Torbay being clean and tidy in the Summer. We should be proud all year round….”
Events / Attractions / facilities	“Staff on the beaches with deckchairs and sun loungers for hire”
	“Continental food market to return to the harbour front/by the theatre. Something on the green in front of Torre Abbey maybe music/fair or a show I think Torbay does quite well at facilitating for Tourists.”
	“Jubilee dancing Carnival and xmas market and street enetertainment”

	“Activities on the seafronts that encourage looking after our oceans”
Maintenance / regeneration	“more investment in maintaining parks and gardens in the three towns, not just Torquay”
	“Need to focus on the basics first, more cleaning more graffiti removal done faster no point in throwing money at new when what is currently in place isn’t maintained. Some form of what’s app style group or facebook style group for problems to be reported with photos quickly. Once an issue has been resolved would be good for a photo reply it seems silly but it’s easy to forget how much people does get done.”
	“For holidaymakers, as well as local and Torquay residents, local schools, Watcombe Scout camp etc. money to be allocated to survey and repair and upgrade the access and facilities at Watcombe beach, currently in a dangerous state due to land slippage from rain and storm damage to the beach.”
Beach Managers / Staff / Volunteers	“Beach Managers? More dog wardens please.”
	“Trained first aiders on the beaches and defibrillators available on every beach.”
	“Encourage volunteers to come forward and help keep seafront tidy”
Toilets	Make ALL the public toilets accessible using cash. Bring back access to toilets using RADAR key for disabled people. Torbay will get a reputation as being the unfriendly resort if you are elderly or disabled. Not everyone has a contactless card.
	“Toilets! You have taken away basic provision at so many locations, people are defecating behind beach huts/cabins/chalets. Broadsands is particularly bad. Not only causing health risks for beach users but for our fantastic beach team. No-one is paid enough to clear this away.”
	“Toilets, toilets, toilets. More in more locations…..”
Locals	“Tourists will come anyway, and don’t bring that much money to the economy. 500,000 is a lot of money that could be spent elsewhere improving the lives of people Who live in Torbay.”
	“More events focused for locals and not holidaymakers”

Town Centres	"Paignton town centre seems to be the forgotten resort and is becoming more and more desolate. Something needs to be done to attract more businesses and investment"
	"…..There are no shops, the town centre is dead, people can see a Christmas Market in one day, there's no reason for people to stay here longer. The town centre needs help to get started again, maybe create a fund to supplement commercial rent for people who are just starting their business. Encourage people to populate the town centre again……"
Policing / ASB	"Would like to see improved enforcement against antisocial activities and obstructive parking"
	"More visitors to torbay will substantially increase demand on all services, it could also cause antisocial behaviour. There will be needs for constant monitoring and attention. The police will need to be seen to be attentive….."
Parking	"……The quality of car parking remains poor, with many car parks having very small badly marked bays. I have witnessed visitors giving up and driving on when they cannot fit their even medium sized cars into a parking slot."
	"I agree as long as the proposed infrastructure doesn't include further parking restrictions or stealth taxes."
Dogs	"First you need at least 3 dog wardens in each town, who can fine dog owners who do not pick up their dogs mess….."
	"……Dog litter monitors are needed also... create revenue whilst ensuring our public spaces are clean and safe."
Town disparity	"…..will any work carried out on the seafronts only be for Torquay and Paignton with Brixham receiving nothing, as usual."
Other	"Affordable Housing for older people"
	"Use it to reduce the council tax."

The Pavilion

We have identified £100,000 per year within our revenue budget to enable us to borrow money to undertake works on The Pavilion in Torquay.

	Number	%
Agree with this proposal	107	71.3%
Disagree with this proposal	40	26.7%
No response	>5	~
Total	150	100.0%

In response to the Facebook and Twitter polls for this proposal there were 60 responses in agreement with the proposal and 11 against it.

Allocation for Carbon Neutral Action Plans delivery

We are developing our Carbon Neutral Action Plans both as a Council and across the community. To make sure that we can deliver against these plans we are proposing to allocate £75,000 to appoint more members of staff and £100,000 (one-off funding) to meet the additional costs of carbon neutral projects and infrastructure.

	Number	%
Agree with this proposal	81	54.0%
Disagree with this proposal	65	43.3%
No response	>5	~
Total	150	100.0%

In response to the Facebook poll for this proposal there was 1 response in agreement with the proposal and 1 against it.

SWISCo Investment

We are proposing to invest £1,500,000 into SWISCo (Torbay's Waste Management Company) to address many years of underinvestment in Tor2. We also are planning to set aside around £400,000 for new IT systems for the company.

We want to make sure that SWISCo is a successful and stable company which delivers services effectively to our community.

	Number	%
Agree with this proposal	111	74.0%
Disagree with this proposal	37	24.7%
No response	>5	~
Total	150	100.0%

In response to the Facebook and Twitter polls for this proposal there were 52 responses in agreement with the proposal and 7 against it.

Community Ward Fund

We are proposing that the Community Ward Fund is run for a second year with our councillors and Community Partnerships working together to decide on the things that they would like to see improved in their local area.

	Number	%
Agree with this proposal	115	76.7%
Disagree with this proposal	34	22.7%
No response	>5	~
Total	150	100.0%

In response to the Facebook and Twitter polls for this proposal there were 15 responses in agreement with the proposal and 5 against it.

Council Tax

We are proposing to increase the Torbay Council element of Council Tax by 1.99% plus 1% for adult social care. This equates to 94p per week (£49.06 per year) for an average Band D property.

	Number	%
Agree with this proposal	89	59.3%
Disagree with this proposal	61	40.7%
No response	0	0.00
Total	150	100.0%

In response to the Facebook poll for this proposal there were 3 responses in agreement with the proposal and 1 against it.

Ideas for Savings or Income Generation

Respondents were asked to tell us about their ideas for savings or income generation and any views they had on the other proposals within our Draft Budget for 2022/2023 which are not highlighted in this questionnaire. A sample of the responses is shown below.

Ideas for savings or income generation
"People are on a Low Budget and have to find extra money for Heating their homes. The council Tax already went up 5% last year Look again at cutting the Budget on certain Items to make it more affordable to Residents"
"Stop with the fancy proposals and tighten your belt. Pensioners (a lot in Torbay) have to cope with 3.1% increase when inflation is running at 5% or more. DO NOT ADD TO OUR PROBLEMS."
"Move the council out of the town cente, and sell off Castle Circus bui;lding"
"Review of all Council staff job descriptions (especially roles that are over 10 years old) to make sure that they are being paid correctly (increase or decrease)….."

“Real interest and improvement needed in the less affluent areas of Torquay improvement the areas for those of us who have to live here rather than just the bits seen by the tourists or the areas that obviously don't need it.”
“Why not keep the streets clean, utilise redundant buildings for use as accommodation, empty bins on time. Torquay seems to be regenerating, but nothing is said about Paignton. You have the money. Are you withholding the funds to spend on something else, hoping we residents of Paignton will forget.”
“Replace SWISCO with an independent body via open tender process, Engage at reasonable cost an external management audit company to help you cut out dead wood from your workforce.”
“A regular green waste collection service would be helpful…..”
“Plan to keep investing in general infrastructure across the bay, with an idea to link the towns properly for residents and tourists alike, that’s creating safe cycle routes off road and also improving the overall road network consistently”
“Please look at accessibility to the sea at various locations including Meadfoot and Ansteys cove for paddle boarders and kayaks - currently dangerously overused. This will in turn bring more people to the beaches helping tourism income generation.”
“The Council should stop living in their blinkered world of 'zero carbon, more trees, dig up the roads, more lanests for more cyclists' get to live in the real world where, at the moment, residents need better roads to get a to work in order to pay the Council their tax.”
“The enviromental changes rushing at us now need mitigating. Many see this as a tomorrow problem but by then it will be far worse. If ever we need to put a stitch in time it is this. Invest more in energy efficient industrial and commercial, offices, affordable and rental housing, and other buildings please. Also pedestrian, cycle and public transport.”
“Council Tax increases should only be used to ensure that those vunerable families in the resort currently on Universal Credit should benefit from a 100% Council Tax Reduction.”
“Would like to see more spent on highways, especially parking controls”
“The budget should reflect the stated aims of e.g. Local Transport Plan, Local Cycling and Walking Infrastructure Plan to increase journeys by walking and cycling. Proportionally the budget should reflect this in its investment in walking and cycling capital and revenue spending.”
“Stop wasting money on projects that you think are fashionable and will make you look good. Concentrate on the many, many things that NEED doing.”

“Reduce financial allowances for councillors in all areas. Increase developer contributions to the council upon planning approval and increase penalty / charge for non development of brownfield or holding back approved housing land in preference to the use of greenfields.”
“More use of Community payback, volunteer groups, disability groups to support local initiatives. More LOCAL focus on events. Too much about attracting tourists who buy food in supermarkets, stay in global brand accommodation & just bring chaos & crime to our streets. Just how much does the Bay benefit in terms of net profit?”

There were additional Facebook and Twitter polls on a recycling rates proposal which was not included in the on-line questionnaire:

We want to save £120,000 in our 2022/23 revenue budget by encouraging everyone to recycle more. The more that’s recycled the less we have to pay to dispose of waste and we can increase the amount of income we receive from recycled material.

In response to the Facebook and Twitter polls for this proposal there were 54 responses in agreement with the proposal and 1 against it.

Respondent Profile

Please tell us your postcode

	Number
TQ1	42
TQ2	27
TQ3	34
TQ4	23
TQ5	13
Outside of Torbay	>5
No response	8

Which of the following best describes how you think of yourself?

	Number	%
Female	69	46.0%
Male	70	46.7%
Other	>5	~
Prefer not to say	6	4.0%
No response or other comment	5	3.3%
Total	150	100.0%

Which of the following age groups applies to you?

	Number	%
0 - 15	>5	~
16 - 24	>5	~
25 - 34	11	7.3%
35 - 44	22	14.7%
45 - 54	14	9.3%
55 - 64	39	26.0%
65 - 74	42	28.0%
75 +	20	13.3%
No response	>5	~
Total	150	100.0%

Do you consider yourself to be disabled in any way?

	Number	%
Yes	32	21.3%
No	117	78.0%
No response	>5	~
Total	150	100.0%

Social Media Evaluation

The budget consultation was promoted widely across all Torbay Council's Facebook and Twitter accounts, in staff news, via our One Torbay newsletter and local media. The consultation and detailed information about the budget made available on our website. The aim of the campaign was to ensure that residents, stakeholders and groups were aware of the consultation on the proposed budget for 2022/2023 and the wider financial constraints on Torbay Council. It also encouraged them to provide feedback on proposals which may impact on them.

A range of social media posts were created including 17 Facebook or Twitter polls which complimented the consultation. They asked members of the public to agree or disagree with the proposals as well as inviting them to post comments. A Facebook Live was held to explain the proposals and answer questions from members of the public.

The posts included links to the consultation. There were 262 direct link clicks from our Facebook posts to the Budget and Budget Consultation web pages. The total reach (number of people that saw / scrolled past the posts) was 29,234 people.

In total there were 309 votes in the Facebook and Twitter polls. Of those 270 votes (87.4%) were in favour of the proposals and 39 votes (12.6%) were against. In the polls, more people agreed to the proposals than disagreed, except for the poll relating to investing in community builders which had a 50-50 split on Twitter, but full backing on Facebook and the poll relating to the Pavilion which had a 50-50 split on Facebook.

The reach, impressions, and comments weren't as high as in the previous year's consultation. However, more people liked and shared the posts, clicked directly through to the budget and consultation pages, and the engagement rate was higher (2.5% compared with 1.7%).

One Torbay generated 362 direct click links to the Budget and Budget Consultation web pages.

Feedback

Most of the feedback on Torbay Council's social media channels was posted on Facebook. Torbay Council responded to comments to answer any questions posed, to correct misinformation, to signpost people to the consultation, and to refer comments to relevant departments. In addition, members of the council joined in the conversations and were able to put their views direct to residents.

Comments in response to our social media posts are listed below.

- Recycling bins need looking at as they generate so much liter in the bay, they need proper flip lids.
- Lets do away with curb side sorting, wht not sort it centrally like most councils.
- Give us bigger recycling bins and green bins.
- Look at subscription garden waste service. Almost all other councils do.
- Recycle at the depot. It would create extra employment.
- Good news (about investing more in SEND) but you could contact the local nurseries direct as there is more and more children arriving with SEND at their doors.
- Make time here more fun and easy by giving us free toilets, free parking, less militant parking wardens, a seafront skatepark as Torquay is one of the only towns in the south West without one.
- Replace benches along the coast and sea fronts.
- Can double yellow lines be repainted in areas, they are causing hard to residents.
- "Many new build houses have been bought and then a few months later they are up for LET. There needs to be strict conditions on people buying these so called affordable homes and not allowing anyone to buy them and then LET them out. "
- More support for vulnerable people is needed to keep their tenancies.
- More money for roads and pavements is needed.
- The centre of town should be moved down and part residentialised.
- SWISCo need more support from the public by sorting their own recycling, breaking down boxes and plastics
- IT would be good if community builders raised their profiles in each area, so many people have never heard of them, or know who theirs are in their area.
- Early intervention mental well-being needs to be a priority.

Facebook Live

The Facebook Live event on 2 February 2022 was viewed by 82 people at its peak on the night and was viewed by 1,700 people overall. There were 355 engagements, either by reactions, comments or shares.

Themes from the Live comments:

- What are we doing to help the homeless and those in temporary accommodation? More money needs to be spent on housing
- What support is there for lower income families?
- When are double yellow lines being repainted in areas? Roads and pavements need attention/Graffiti and rubbish everywhere
- What do the Community Builders do? – Some are also more active than others, how are they being measured? What is regarded as a success for them?

- How are going to rejuvenate our town centres? And manage the drug and alcohol problems in them
- SWISCo – are there plans to invest in staff as well as IT?
- SWISCo – weekly Sunday drop off at the coach station worked well, can it be reinstated?

Positive comments:

- Got to say…. Children's services are now amazing in Torbay! So credit where it's due! Amazing work! My wife had some integration with the team there. Brilliant!
- Great to have the street markets, brings a great vibe into Torquay
- 'SWISCo team have been fabulous in Galmpton! Well done on their level of service they could not be more helpful'
- It's great to actually have some interaction between council and people always feel cut off

TORBAY LABOUR LOCAL CAMPAIGN FORUM

Dear Councillor

100% Council Tax Reduction Scheme

We are writing to you to ask you to support the introduction of a Council Tax Support scheme in Torbay. You may know that prior to the introduction of Universal Credit, households on low incomes could get a100% reduction in Council Tax. Under subsequent arrangements each local authority can establish their own scheme which sets a minimum rate which each household must pay.

Torbay has set this rate at 30%which means even those on the lowest levels of income have to pay this amount. Neighbouring Teignbridge has set their level at 0% along with many other Councils. Even South Hams levies only 15%. You will know the Government has withdrawn the £20 per week uplift for those on Universal Credit, the regulator has permitted substantial increases in energy prices, which are now forecast to go even higher this year, food prices are increasing and other every day costs are increasing alarmingly, which will impact most on the lowest income households. Evidence shows that in Torbay most of these households are in work, many are single parents, and a large proportion are households with children. The main impact of not having a reduction scheme in Torbay is that this winter those who are innocent and most vulnerable will be at greatest risk of going hungry and cold. A significant number of these are likely to be your constituents.

Steve Darling is on record saying that “One of the Council’s priorities is to tackle poverty in the Bay”. The introduction of a Council Tax Reduction scheme would give voice to this commitment.

We hope you can support this move and put pressure on the present Council administration to include this measure in their budget proposals for 2022-2023. We look forward to hearing from you.

Yours Faithfully,

Eddie Harris -T.L.L. Campaign Forum Secretary

Dear Torbay Council,

I am writing to you as the Chair of the Imagine this…partnership of 48 vcse organisations who work with children, young people and families cross Torbay.

Firstly I would like to offer our support to the development proposal to increase funding for youth work by £100K. However, we know from our youthwork partners that there are a number of areas and groups underserved in Torbay and although £100K will improve things, it will not enable full coverage across the bay.

Secondly, We have reviewed the proposals and are surprised that, despite the improvement priority for early help and engagement in extensive activity to create an early help network across Torbay with paid for input from PeopleToo, there are no proposals in the draft budget to provide additional resources to broaden the range of early help out in the community. There are amazing organisations both across our partnership and beyond who provide significant positive impact, but they are at capacity. Childrens Services led engagement on early help promotes better early help in three town based localities. To ensure that we deliver effective early help across Torbay we need investment in the range of community and voluntary organisations that can support this. We would propose a development fund of £500K to appropriately resource effective early help delivery. We also feel that this level of investment needs to be sustained over a minimum of three years to ensure effectiveness and sustainability.

Imagine This… partners support the proposed development fund for SEND Reform, following the recent ofsted report and note the requirement for more effective co-production with parents, children and young people. Imagine this partners already work with these people and are well versed in effective co-production and working with young people with Learning Disabilities and would like to propose that Imagine this is formerly engaged in the SEND reforms and would like to assist with effective engagement and co-production. As far as we are aware we have two partners on the newly convened group to develop the plans / reforms, which is Pat Teague (Healthwatch and Torbay Youth Trust and Kelly Givens, SENDIASS Manager. We would also propose inviting Tanny Stobart from Play Torbay, who is already supporting this work and the newly forming Parents Forum.

Simon Sherbersky, Chair, Imagine This…`Torbay is a great place to grow up` vcse Partnership

Dear Torbay Council,

In my role as current Chair, I am writing on behalf of the VCSE Wellbeing Network to support the direction of travel we have experienced, led by Adult Social Care. We have seen a huge change in approach to partnership working with our sector, where we have been made to feel like equal and valued partners.

We really support this shift in approach and the associated funds that have been allocated to enable our sector to support people in need across Torbay and, in particular, the support to maintain the VCSE network community helpline and associated supports and the creation of the VCSE alliance, which shows this commitment to partnership working needed for the residents of Torbay.

Regards,

Stuart Bakewell

Head of Operations and Business Development

TORBAY COUNCIL

Meeting: Cabinet **Date:** 22 February 2022

Council **Date:** 3 March 2022

Wards affected: All

Report Title: Capital Plan 2022/23

When does the decision need to be implemented? Immediately

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

Darren.cowell@torbay.gov.uk

Director Contact Details: Martin Phillips, Director of Finance,

Martin.phillips@torbay.gov.uk

1. Purpose of Report

1.1 Torbay Council's Capital Plan totals £288 million for the 4-year programme to 31 March 2025 with £43 million scheduled to have been spent in 2021/22 and £114 million due to be spent in 2022/23. Of the £114m, £68m has been allocated to specific projects and £46m is Council borrowing approvals awaiting proposals. 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 2022/2023 and is part of the total Plan. Shown against the targeted actions of the Council's Community and Corporate Plan, it gives details of the capital schemes which have previously been approved by the Council. In addition, the 2022/23 Capital budget now includes three new allocations, (Car Parks investment £1m, Climate Change initiatives £1m and capital cost inflation and supply chain contingency £4m), which are funded from prudential borrowing where the cost of interest and MRP are included in the 2022/23 revenue budget. The approval process for each of the three new allocations is outlined in the scheme detail.

1.3 In some cases, it sets out funding which has been allocated to services but where specific schemes have not yet identified.

2. Reason for Proposal and its benefits

2.1 To enable the Council to agree its Capital Expenditure and Capital Funding for the 2022/223 financial year as required by the Constitution.

3. Recommendation(s) / Proposed Decision

1. That the Capital Plan for 2022/23 as set out in Appendix 1 to the submitted report be approved

Appendices

Appendix 1: Proposed Capital Plan for 2022/23

Appendix 1: Capital Plan Budget 2022/23

22 February 2022

This document can be made available in other languages and formats.

For more information please contact finance@torbay.gov.uk

Capital Plan 2020/2021 to 2024/2025

Torbay Council's Capital Plan totals £288 million for the 4-year programme to 31 March 2025 with £43 million scheduled to be spent in 2021/22 and **£114 million** due to be spent in 2022/23.

Of the £114m, £68m has been allocated to specific projects and £46m is Council borrowing approvals awaiting proposals. The Capital Plan is updated by project managers on a quarterly basis which will result in regular re profiling of budgets to reflect the latest estimate of the timing of expenditure on each project.

This document provides high-level information on the proposed capital expenditure and funding for 2022/23 and is part of the total Plan. Shown against the targeted actions of the Council's Community and Corporate Plan, it gives details of the capital schemes which have previously been approved by the Council. However, in some cases, it sets out funding which has been allocated to services but where specific schemes have not yet been identified.

In accordance with Torbay Council's Constitution, the figures presented will form the approved capital budget for the coming year. The figures are based on the (draft) Quarter 3 2021/22 capital monitoring report which forms the basis of the 2022/23 Capital Budget. In addition, the 2022/23 Capital budget now includes three new allocations, (Car Parks investment £1m, Climate Change initiatives £1m and capital cost inflation and supply chain contingency £4m), which are funded from prudential borrowing where the cost of interest and MRP are included in the 2022/23 revenue budget. The approval process for each of the three new allocations is outlined in the scheme detail.

Expenditure:	£m	%
Thriving People and Communities	23.889	21
Thriving Economy	39.629	35
Tackling Climate Change	4.775	4
A Council fit for the Future	0.065	0
Council Borrowing Approvals Awaiting Proposals	45.591	40
Total Capital Expenditure 2022/23	**113.949**	**100**

Funded by:	£m	%
Prudential Borrowing	73.131	64
Capital Grants	37.913	33
Capital Contributions	0.705	1
Revenue Contributions	0.119	0
Use of Reserves	0.206	0
Capital Receipts	1.875	2
Total Capital Funding	**113.949**	**100**

Targeted Action 1: Thriving People and Communities

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2022/23 Budget £000
Capital Repairs and Maintenance 20/21 & 21/22	DfE grant to provide resources to improve the condition of school premises			400
Education Review Projects	Resources from Government allocations to provide improved School facilities still to be allocated to specific projects			3,329
Mayfield Expansion	Provide additional pupil place capacity	Council-16 Jul 2020	1,575	500
Roselands Primary - Classroom	Additional teaching space to accommodate demand for primary places	Council – Oct. 2018	599	80
St Cuthbert Mayne Expansion	School expansion to provide additional Secondary School places in Torquay Additional allocation (School Conditions Allocation & Diocese contribution) Funding from Sustainable Travel Initiative	Council-16 Jul 2020 Cabinet-21 Sep 2021	3,600 190 6	500
Polsham Centre Development	Allocation from underspend on Special Provision Fund.	Cabinet – Feb 2022	250	200
Foster Home – adaptations	Allocation from revenue to fund the costs of adaptations in foster homes	Revenue	300	100
Crossways, Paignton	Proposals for mixed use development to include extra care and affordable housing Additional funding from Future High Street & Adult Social Care Capital	Council – 26 Sep 2019 Cabinet – 16 Nov 2021	22,359 3,020	7,500
Disabled Facilities Grants	Residual balance of 2021/22 DFG allocation. 2022/23 allocation expected, but not yet announced.	n/a	n/a	980
Extra Care Housing	Development of extra care units at Torre Marine Additional funding from Affordable Housing budget Additional funding from Adult Social Care Capital Additional funding from Brownfield Land Release Fund	Record of Decision – 1 Mar 2019 Cabinet – 18 Feb 2021 Cabinet – 21 Sep 2021 Cabinet – 16 Nov 2021	2,250 600 850 415	2,800
Tor Vista Housing Co. Loan	Capital loan to Tor Vista to enable housing development at Preston Down Road site, Paignton.	Council – 8 Oct 2020	23,000	7,500
Sub-total				**23,889**

Targeted Action 2: Thriving Economy

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2022/23 Budget £000
Claylands Redevelopment	Council-owned land at Claylands will be redeveloped using a combination of Council and Heart of the Southwest Local Enterprise Partnership funding. When fully developed the site will support approximately 350-400 jobs and will support the growth of the business rate base. Additional funding – contribution from tenant	Council – 10 Dec 2015 **Updated at Council – 19 Oct 2017** Cabinet -21 Sep 2021	10,440 710	350
Edginswell Business Park Unit 1	Development of retail unit for regeneration.	Council 22 Jun 2017 Updated at Council 21 May 2020	5,819	4,000
Edginswell Business Park Unit 3	Development of retail unit for regeneration.	Cabinet 16 Nov 2021	6,500	2,000
Edginswell Enabling Works	Additional grant support for infrastructure improvements on the Edginswell Business Park site, funded by LEP grant	Cabinet – 16 June 20	1,957	1,757
Edginswell Station	Provision of new railway station to enhance transport options to the Edginswell area including Torbay Hospital. DfT New Stations Fund grant £7.883m with costs likely to be spread across two years.	Council – Sep 2014 Chief Executive Decision 5 Jun 2020	13,017	4,000
Lymington Road Business Centre	Additional start-up workshop units at Torquay Coach station site funded with LEP grant	Cabinet – 16 Jun 20, 15 Dec 2020, 16 Nov 21 and Feb 22	3,527	3,330
Flood Defence Schemes	This budget represents resources for flood alleviation work largely funded by Environment Agency at Cockington and Monksbridge	Council – 27 September 2012	740	396
Paignton Coastal Defence Scheme	Scheme to provide additional protection against sea inundation in low lying areas of Paignton and Preston	Cabinet – Jan 2020	3,142	1,705
Princess Pier Structural repairs	Structural repairs to the superstructure alongside potential substructure repairs partly funded by the Environment Agency.	Council – 1 Feb 2012 Updated Council 13 Sep 2017	1,665	796
RICC Improvements – Backlog Repairs	To improve facilities and refurbish the RICC to facilitate new management agreement.	Council - 18 Jul 2019 Council – 6 Feb 2020	1,250	493
Transport - Integrated Transport Schemes	Grant allocations from the Department for Transport. The allocations are linked to the value of the planned maintenance backlog on the road network. The Council agreed to allocate these resources in line with	Council – 26 Feb 2015 Updated at Council – 13 Sep 2017	n/a	
Roads Structural Maintenance			n/a	150

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2022/23 Budget £000
	Government intentions. £1.5m has been allocated to Edginswell Station project. Details of 2022/23 allocations still awaited.			
Torquay Gateway Road Improvements	The Council successfully submitted a bid to the Local Transport Board for improvements at Torquay Gateway. The Government subsequently confirmed its funding to the Local Transport Board to support this scheme with the Council approving a contribution to the scheme.	Council – 27 Sep 2014	2,927	80
	Additional funding – S106	Cabinet -21 Sep 2021	41	
Paignton Future High Streets Funding	Government grant allocation of £13.363m to regenerate Paignton town centre.	Cabinet - 14 July 2020		
	Breakdown of grant application:			
	Torbay Road		668	659
	Station Square		2,259	1,254
	Victoria Centre Phase 1		652	652
	Victoria Centre Phase 2		3,862	3,844
	Picture House		1,285	1,101
	Diversification		1,300	0
	Crossways Transferred to Project within Thriving People & Communities (see above)	Cabinet – 16 Nov 21	2,766 (2,766)	
	Flood Defence		571	114
Western Corridor Improvements	The Council successfully submitted a bid to the Local Transport Board for improvements to the Western Corridor. The Government subsequently confirmed its funding to the Local Transport Board to support this scheme with the Council approving a contribution to the scheme.	Council – 27 Sep 2014	12,271	257
	Additional funding – S106	Cabinet -21 Sep 2021	22	
Torquay Town Deal	Government grant allocation of £21.9m to regenerate Torquay town centre.			
	Breakdown of grant application:			
	Programme Management		157	52
	Union Square Phase 1		5,050	3,100
	Union Square Phase 2		5,993	750
	Strand Land Assembly & Demolition Funding transfer re Debenhams Acquisition costs		2,000 (1,769)	

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2022/23 Budget £000
	Remaining funding - demolition Harbour Public Realm Pavilion Core Area Public Realm Stronger Future Stronger Future moved to Revenue Edginswell Station Moved to Edginswell Station Project (see above)		231 2,500 2,000 600 600 (600) 3,000 (3,000)	231 2,500 1,900 575
Harbour View Hotel Development	New hotel (Premier Inn) development on Terrace Car Park site	Investment & Regeneration Committee – 10 Jul 2018 Cabinet – 19 May 2020	14,017	765
Old Toll House	Redevelop site to support Town Centre Regeneration – funded from Economic Growth Fund.	Cabinet – Nov 2019	1,200	350
Corbyn Head – Development of former WCs	Redevelop site to support Town Centre Regeneration – funded from Economic Growth Fund.	Cabinet – 14 Dec 21	1,250	1,250
Preston (North) – Development of former WCs	Redevelop site to support Town Centre Regeneration – funded from Economic Growth Fund.	Cabinet – 14 Dec 21	718	718
Car Park Investment	Investment in car park infrastructure. Allocation of budget to be by Director of Place in consultation with Leader of the Council, Cabinet Lead for Finance and Cabinet Lead for Infrastructure, Environment and Culture.	Council 3 March 2022	1,000	500
Sub-total				**39,629**

Targeted Action 3: Tackling Climate Change

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2022/23 Budget £000
Solar Farm, Brokenbury	Creation of solar farm on agricultural land at Brokenbury Revision to projected spend	Cabinet - 19 May 2020 Cabinet – 21 Sep 2021 and Feb 2022	2,750 (987)	1,605
Solar Farm, Nightingale Park	Construction of solar farm on former landfill site near The Willows to generate energy. Revision to projected spend	Cabinet - 11 August 2020 Cabinet – 24 Aug 2021 Cabinet – Feb	2,200 900 (52)	2,920

		2022		
Climate Change Initiatives	Allocation to support programme of capital investment to help achieve net nil carbon. Allocation of budget to be by Director of Place in consultation with Leader of the Council, Cabinet Lead for Finance and Cabinet Lead for Infrastructure, Environment and Culture.	Council 3 March 2022	1,000	250
Sub-total				**4,775**

Targeted Action 4: A Council fit for the future

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2022/23 Budget £000
Enhancement of Development Sites	Capital provision for expenditure required on Strategic sites to enable development and disposal. 22/23 budget is unspent balance from 21/22.	n/a	n/a	65
Sub-total				**65**

Targeted Action 5: Council Borrowing Approvals Awaiting Proposals

Scheme Name	Description	Latest Approval	Total Estimated Scheme Cost £000	2022/23 Budget £000
Torre Abbey Renovation – Phase 3	Council commitment to proposed further renovation works at Torre Abbey, awaiting further bids for funding,	Council – 27 Feb 2020	1,700	1,700
Regeneration Programme and Economic Growth Fund	Council received a report in October 2017 proposing to borrow £25 million to support Town centre Regeneration. Council agreed additional £100m Torbay Economic Growth Fund allocation to fund further regeneration	Council 19 Oct 2017 Council - 18 Jul 2019	90,391	40,391
Tor Vista - Loan	To facilitate the work of the Housing Rental Company, in the form of a loan for a capital purpose	Council 20 Jul 2017	24,442	2,500
Capital Contingency	Capital allocation to support approved capital projects to ensure their viability that are subject to higher costs either from supply chain issues or cost inflation. Allocation of contingency to be by Chief Finance officer in consultation with Leader of the Council and Cabinet Lead for Finance and reported to Cabinet.	Council 3 March 2022	4,000	1,000
Sub-total				**45,591**

TORBAY COUNCIL

Meeting: Cabinet **Date:** 22 February 2022

Council **Date:** 3 March 2022

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,

Darren.cowell@torbay.gov.uk

Director Contact Details: Martin Phillips, Director of Finance,

Martin.phillips@torbay.gov.uk

1. Purpose of Report

1.1 The Council has a statutory responsibility to comply with the CIPFA Prudential Code (revised December 2017) 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

2.1 The Council has a requirement to approve a Capital Strategy each year.

3. Recommendation(s) / Proposed Decision

1. That the Capital Strategy 2022/23 be approved.

4. Recommendation(s) / Proposed Decision

4.1 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.

Appendices

Appendix 1: Capital Strategy 2022/23

Agenda Item 10
Appendix 1

TORBAY COUNCIL

Capital Strategy and Capital Receipts Strategy

2022/23

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1. Introduction

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, and conference 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 Corporate Asset Management Framework 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.

Over the last few years local authorities, including Torbay, have been purchasing property to provide an investment return. This investment 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. These assets will have different characteristics and risk especially where an authority has funded the acquisition through borrowing.

During 2020 HM Treasury carried out a consultation called 'Public Works Loans Board: Future lending terms'. In November 2020 the response to the consultation was published, any investment asset bought primarily for yield which was acquired after 26 November 2020 would result in the authority not being able to access the PWLB in that financial year or being able to use the PWLB to refinance the transaction at any point in the future. Consequently, Torbay Council removed the proposed purchase of any investment assets/projects ('debt for yield') from the 21/22 capital plan onwards.

In August 2021, the HM Treasury PWLB Borrowing guidance was 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, or where the council is making a change to the asset by significant investment or significant change. Compliance with the guidance will also apply to where the council finances capital projects 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 it is that officer that must provide the assurances to HM Treasury

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

Link to August 2021 update: PWLB guidance for applicants (updated) V1.docx (dmo.gov.uk)

Regulation

Authorities are required by regulation to have regard to the **Prudential Code for Capital Finance in Local Authorities** (December 2017) when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. **The key messages from the Code is, in relation to capital expenditure, the consideration of Prudence, Affordability and Sustainability.**

In November 2021 CIPFA consulted on changes to the Prudential Code for Capital Finance and the Treasury Management Code following the statutory guidance issued by HM Treasury in relation to PWLB borrowing.

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 long/medium 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:

- Corporate Asset Management Plan
- Transport Asset Management Plan
- Medium Term Resource Plan
- Capital Plan
- Revenue Budget
- Treasury Management Strategy
- Investment and 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 five key aspects of capital activities are shown in the table on the next page.

Capital Expenditure	Debt and Borrowing Treasury Management (TM)	Commercial Activity	Other Long-Term Liabilities (e.g PFI schemes)	Knowledge, Skills and competence
▪ strategic service plans + asset management plans + capital strategy ▪ pipeline process ▪ capitalisation rules ▪ long-term forecasts ▪ basis of estimating future costs and sensitivity to risk sustainability of the asset base	▪ projections of external debt and internal borrowing ▪ how debt will be repaid ▪ authorised limit and operational boundary ▪ how TM decisions are made and how they are scrutinised	▪ proportional and affordability i.e. dependency of budget on commercial activity ▪ proportionality on the balance sheet ▪ policies for approval and scrutiny ▪ on-going management Note: Due to the HM treasury response to the PWLB consultation (see Para 1) the future investment fund plans have been removed from the capital plan	▪ identification and approval ▪ on-going monitoring ▪ creation of liabilities on the balance sheet	▪ knowledge and skills available ▪ professional competence in specialist areas ▪ use of advisers ▪ training plans
		Key Documents		
Capital Strategy Asset Management Plan Transport Asset Management Plan	Treasury Management Strategy TM Mid-Year Review TM Outturn Report	Capital Strategy Investment and Regeneration Fund Strategy	Treasury Management Strategy Statement of Accounts	Treasury Management Strategy Investment and Regeneration Fund Strategy

Council Reports	Revenue Budget	Capital Budget		
	Medium Term Resource Plan	Revenue Budget		
		Medium Term Resource Plan		
Key Committees and Meetings				
Council	Audit Committee	Audit Committee	Audit Committee	Audit Committee
Cabinet	Council	Cabinet	Council	Cabinet
Capital & Growth Board		Council		

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 2. 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 of some 3,800 asset records has a Balance Sheet value as at the 31 March 2021 of approx. £577 million (£580m as at 31/03/20), of which £203 million (£209m as at 31/03/20) are Investment Properties. Investment properties are 35% of the non-current asset base. The outstanding borrowing as at 31/12/21 was 389m with £16m 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

Approach to Borrowing

The Council is able to borrow money on the money market or from the Public Works Loans Board 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 2021/22) the 2022/23 Treasury Management Strategy recognises the potential need to take an additional £165m of borrowing by the end of 2024/25 (net of MRP) to support several capital projects, potentially increasing the Council's overall external borrowing by the end of 2024/25 (excluding PFI) to £554m.

Based on current economic forecasts a borrowing cost should be assumed for new borrowing in 2022/23 of 3.235%

The Council takes a prudent approach to new borrowing, paying 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 on Council Tax). However, the Council has changed its risk appetite in recent years and 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 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 subject to significant challenge prior to consideration by Council.

In addition, the Council will comply with the PWLB new 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 the that contribution
- achieve the target return linked to the purpose of the spend
- ensuring asset value exceeds outstanding debt
- Demonstrates 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.

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. The cost of such borrowing falls on the taxpayer 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 significant 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/

Long Term Capital Liabilities

The Council can also finance capital expenditure by means of a long term PFI contract, whereby the 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 2022/23 (with a restated comparative year of 2021/22) and may result in more leased in assets and liabilities being reflected on the Council's balance sheet. (Note in February 2022, CIPFA issued a consultation to delay the implementation of IFRS16 for another year).

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 but restricts schemes to those 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 Leader of the Council and 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 are 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) revised their statutory guidance in relation to the Local Government Act 2003 on the use of capital receipts for the period from April 2016 to March 2022. It is uncertain whether this flexibility will be extended for 2022/23 and future years. 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. 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 (subject to DLUHC extending the flexibility into 2022/23).

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 several examples of the type of expenditure that would meet the definition of "revenue costs of service reform".

The Council has used this flexibility in the past but there is no plan for its use in the 2022/23 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 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 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 each individual scheme being approved by the relevant Director in consultation with the Director of Finance.

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 report 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, but restricts schemes to those 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.

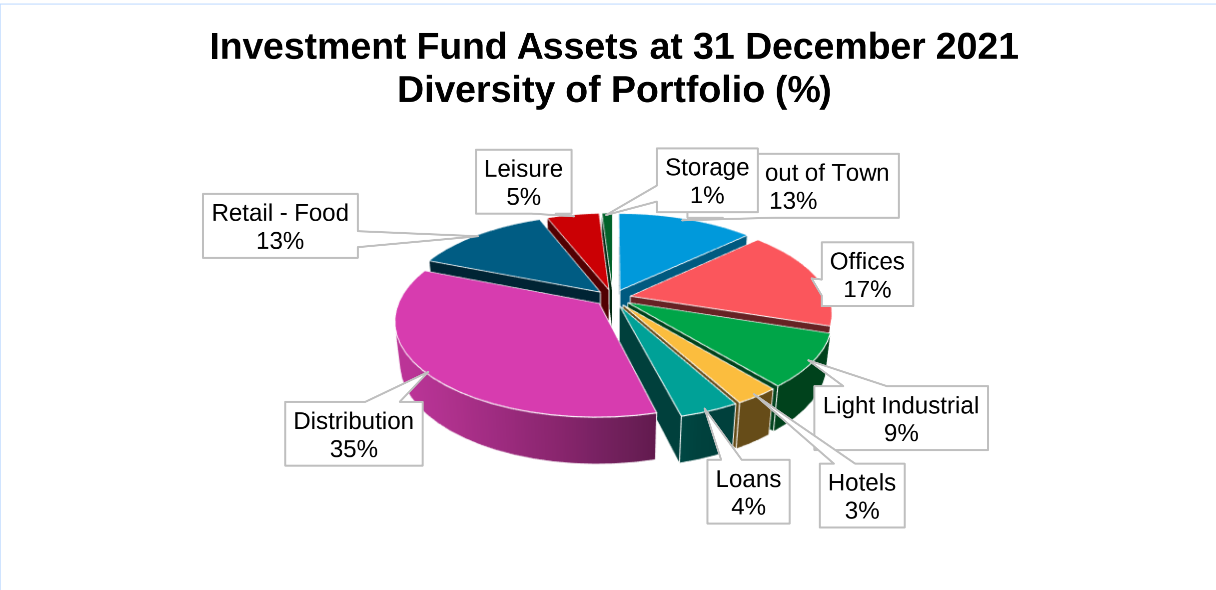
Non-Treasury Investments

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 consultation exercise and decision to disallow all PWLB borrowing for authorities with any further plans for such investments.

The risks associated with investment properties and the Council's strategy in mitigating these risks are outlined and described in the Council's Investment and Regeneration Fund Strategy last update approved by Council in July 2019.

The original investment Fund was £231m 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. At the 31 December the Council had invested of the approved Investment Fund in the following sectors to ensure diversification.



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/

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.

This mitigation has been tested during the COVID pandemic with rental incomes under pressure as tenants are impacted by economic impact of Covid-19.

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.

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 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.

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 include loans to Council subsidiary companies. This will ensure compliance with State Aid regulation.

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's 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 and TEDC Development limited.

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 Place will ensure that the appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required.

Due to the complexities associated with commercial property investment training has been provided to officers and members to provide sufficient competence to understand and evaluate the advice they are being given and to enable decision making within the authority's risk appetite.

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 a historic average cost of 5% 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

Background

The current guidance for a council's level of borrowing is the Prudential Code (December 2017) and as "proper practice" 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

All Borrowing	Actuals as at 31/03/21 £m	Projected as at 31/03/25 £m
External Borrowing including PFI	409	574
	2021/22	**2022/23**
Revenue budget	116	121
Interest and repayment of principal costs per annum	18	19
Interest repayment cost as a % of net revenue budget	16%	16%
Investment Fund Rental Income (estimate)	(13)	(13)

Potential impact of investment market fluctuations

1. Value of rental income on investment properties decreases by 10%. Revenue budget will have a shortfall of £1.3m 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 the 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 renew leases or re-negotiate a lower rental.

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 current low borrowing rates the Council has fixed all its loans and adopted a flat maturity profile, this mitigates the risk of increasing rates in the long term. 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 plan, 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 value of borrowing increases, this increases the councils' 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 MRP 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, overall this is not a significant risk.

As outlined above in the position statement, investment, 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.). The Council had established a clear strategy, criteria and a governance route for these purchases (Cabinet and Council) which has included member training, second opinion on asset values, due diligence, site visits, surveys etc.

The Council is aware of the risks relating to investment into commercial property and ensures appropriate advice was sought before, during and after investment decision together with ongoing review over the life of the asset. Due to the nature of commercial investment, advice has been sought from advisers and agents with specialist knowledge and the experience required.

There are risks (and rewards) associated with the purchase of this 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 December 2017).

The Director of Finance’s professional view is that borrowing decisions result in a long-term commitment to fund that borrowing, and therefore it is essential that all decision making 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 is still significant. The Council’s capital financing requirement (i.e. its underlying need to borrow) by the end of 2024/25 could be £574m with a £26m ongoing revenue cost (assuming a 4% annual cost of MRP and interest for new borrowing 0.5%) offset by rental or interest income from capital expenditure with a revenue stream.

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

Appendix 1 - Definition of Capital Expenditure

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 in 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.

TORBAY COUNCIL

Meeting: Council **Date:** 3rd February 2022

Wards affected: All Wards in Torbay

Report Title: Treasury Management Strategy 2022/23

Cabinet Member Contact Details: Councillor Darren Cowell, Darren.Cowell@torbay.gov.uk

Director/Assistant Director Contact Details: Pete Truman, Principal Accountant, pete.truman@torbay.gov.uk

1. Purpose of Report

1.1 The Treasury Management Strategy appended to this report aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2022/23 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

1.2 The views of the Audit Committee are sought ahead of the consideration of this Policy Framework document by the Council at its meetings in on 3rd February 2022.

2. Reason for Proposal and its benefits

2.1 The Treasury Management Strategy is considered under a requirement of the CIPFA Code of Practice on Treasury Management which was adopted by the Council on 7th February 2019.

2.2 The approval of an Annual Investment Strategy by Council is a requirement of statutory guidance on Local Government Investments issued by government in January 2018. This Strategy sets out the Council's policies for managing its investments under the priorities of security first, liquidity second and then returns.

2.3 In addition, the Treasury Management Strategy gives regard to the CIFPA Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

3. Recommendation(s) / Proposed Decision

i. That Council approve:

- Treasury Management Strategy for 2022/23;
- the Prudential Indicators 2022/23; and
- the Annual Minimum Revenue Provision Policy Statement for 2022/23

as set out in Appendix 1 to this report.

Appendices

Appendix 1: Treasury Management Strategy 2022/23

Supporting Information

1. Introduction

1.1 The proposed Treasury Management Strategy for 2022/23 is set out in Appendix 1.

1.2 The Treasury Management Strategy 2022/23 was considered by Audit Committee, as scrutiny body, on 6th December 2021. The Committee's comments are incorporated within Appendix 1 together with an updated economic commentary and interest rate forecast.

2. Options under consideration

2.1 As set out in Appendix 1.

3. Financial Opportunities and Implications

3.1 As set out in Appendix 1.

4. Legal Implications

4.1 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires full Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

5. Engagement and Consultation

5.1 Not applicable

6. Purchasing or Hiring of Goods and/or Services

6.1 Not applicable

7. Tackling Climate Change

7.1 Not applicable

8. Associated Risks

8.1 Treasury Management associated risks are managed by compliance with the CIPFA code.

9. Identify the potential positive and negative impacts on specific groups

9.1

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			X
People with caring Responsibilities			X
People with a disability			X
Women or men			X
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			X
Religion or belief (including lack of belief)			X
People who are lesbian, gay or bisexual			X
People who are transgendered			X

People who are in a marriage or civil partnership			X
Women who are pregnant / on maternity leave			X
Socio-economic impacts (Including impact on child poverty issues and deprivation)			X
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			X

10. Cumulative Council Impact

10.1 Not applicable

11. Cumulative Community Impacts

11.1 Not applicable

TORBAY COUNCIL

Treasury Management Strategy 2022/23

November 2021

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Appendix 4 Non-Treasury Investments

This document can be made available in other languages and formats.

For more information please contact financial.services@torbay.gov.uk

1 Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires full Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The Strategy for 2022/23 covers:

- Capital expenditure and prudential indicators
- the minimum revenue provision (MRP) policy
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy;
- treasury indicators which limit the treasury risk and activities of the Council
- policy on use of external service providers;
- reporting arrangements and management evaluation
- other matters

CIPFA are currently consulting on revisions to both the Treasury Management and Prudential Codes. The revised codes are expected to be issued in early 2022 with full implementation of the new codes by 2023/24. Where appropriate the Council will incorporate changes arising from the new Codes during 2022/23.

2 Capital Expenditure and Prudential Indicators

The Council's capital expenditure plans are a key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators below, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

In 2022/23, the Council is planning capital expenditure of £135.6m as summarised below (figures as per quarter 2 capital monitoring). However, significant revision of these numbers is expected based on housing and regeneration profiles of spend.

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

£M	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
General Fund services	27.0	63.2	135.6	85.1	0.0

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

£m	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
External sources	12.0	37.9	25.2	20.5	0.0
Own resources	1.0	3.2	2.1	4.6	0.0
Debt	14.0	22.1	108.3	60.0	0.0
TOTAL	**27.0**	**63.2**	**135.6**	**85.1**	**0.0**

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is set out in Table 3:

Table 3: Replacement of debt finance in £ millions

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
MRP	7.2	7.5	8.0	9.4	9.4

The Council's full policy on Minimum Revenue Provision is set out at Appendix 1

It is expected that, linked to changes in the CIPFA Prudential and Treasury management Codes, DLUCH will update the statutory MRP guidance; probably applicable in 2023. Any changes are not expected to impact significantly on the Council's MRP calculation.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 4: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
Authorised limit – borrowing	700	620	620	620
Authorised limit – PFI and leases	20	20	20	20
Authorised limit – total external debt	720	640	640	640
Operational boundary – borrowing	570	530	570	570
Operational boundary – PFI and leases	20	20	20	20
Operational boundary – total external debt	590	550	590	590

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 5: Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Net Revenue Stream	£116m	£116m	£120m	£120m	£120m
Financing costs (£m)	£18m	£18m	£19m	£20m	£20m
Proportion of net revenue stream	**16%**	**16%**	**16%**	**17%**	**17%**
Financing costs excludes income from Investment Property portfolio which is included within the Net Revenue Stream.	£(13)m	£(13)m	£(13)m	£(13)m	£(13)m
Percentage of Financing Costs to Net Revenue Stream including Investment Property Gross Rental Income	5%	4%	5%	6%	6%

3 Local Context

On 30th September 2021, the Council held £391m of borrowing and £113m of treasury investments. However, this level of cash is significantly influenced by short term government funding re: Covid-19. Forecast changes in these sums are shown in the balance sheet analysis in table 6 below.

Table 6: Balance sheet summary and forecast

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
Total CFR	**420**	**434**	**534**	**585**	**574**
Less: Other debt liabilities *	(17)	(16)	(15)	(14)	(13)
Loans CFR	**403**	**418**	**519**	**571**	**561**
Less: External borrowing **	(392)	(389)	(385)	(378)	(374)
Internal borrowing	**11**	**29**	**134**	**193**	**187**
Less: Usable reserves	(58)	(27)	(20)	(13)	(12)
Less: Other Balance Sheet items/Working capital	(30)	(49)	(10)	(10)	(10)
(Treasury investments)/New borrowing	**(77)**	**(47)**	**104**	**170**	**165**

* PFI liabilities that form part of the Council's total debt

** shows only loans to which the Council is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to apply its cash resources in place of external borrowing in the short term, i.e. internal borrowing.

The Council has an increasing CFR due to the capital programme but diminishing investments and will therefore be required to borrow up to £165m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 6 shows that the Council expects to comply with this recommendation during 2022/23.

Liability benchmark: The revisions to the TM Code are expected to introduce the mandatory use of a Liability Benchmark. Officers are still evaluating the data required for this benchmark, however for illustration the following has been produced. To compare the Council's actual borrowing against an alternative strategy, the liability benchmark shows the lowest risk level of borrowing. This assumes the same forecasts as table 6 above, but that cash and investment balances are kept to a minimum level of £15m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 7: Liability benchmark

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
Loans CFR	**403**	**418**	**519**	**571**	**561**
Less: Usable reserves	(58)	(27)	(20)	(13)	(12)
Less: Other Balance Sheet items/Working capital	(30)	(49)	(10)	(10)	(10)
Plus: Minimum liquid investments	15	15	15	15	15
Liability Benchmark	**330**	**357**	**504**	**563**	**554**

4 Economic and Interest Rate Forecast

The Council’s advisors, Arlingclose Ltd has provided an economic commentary (updated for December 2021) available at Appendix 2 together with their interest rate forecasts for future years as set out in table 8 below:

Table 8: Arlingclose Ltd interest rates forecast

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market ra													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

Note: PWLB certainty rate = relevant gilt yield + 0.80%

- Arlingclose Ltd expects Bank Rate to rise to 0.50% in Q2 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.

- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.

- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.

- The risks around the gilt yield forecasts vary. The risk for short and medium-term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

5 Borrowing Strategy

The Council currently holds £391million of loans, a decrease of £0.3 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 6 shows that the Council expects to borrow up to £165million over the next three years. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £620 million.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy: The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be most cost effective in the short-term to use internal cash resources instead.

By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Assistance will be sought from Arlingclose Ltd with this 'cost of carry' and breakeven analysis; its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

For external borrowing requirements over and above internal borrowing capacity, the Council will look to the PWLB to secure long-term funding of projects. (The Council has previously raised the majority of its long-term borrowing from the PWLB, however alternative options including the Infrastructure Bank will be considered). This approach may also be combined with short- term borrowing to augment the affordability criteria

PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans. In addition to the HM Treasury rules in relation to PWLB, CIPFA has issued a statement that requires those principles be applied to all forms of borrowing.

The budget for payment of interest on debt for 2022/23 has been based on an assumed £389m of borrowing as at 31/03/22 with an overall borrowing rate of 2.98% (2.99% in 2021/22).

The borrowing strategy will be highly influenced about clarity around the value and timing of capital projects expected to be funded from borrowing, in particular around housing and regeneration activity.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Peninsula Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Municipal Investments using loans and bonds
- "Green" bonds (loans to Council)
- UK Infrastructure Bank

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lend the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits below in section 7 Treasury Management Indicators.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Chief Finance Officer may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

6 Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year the Council's investment balance has ranged from £81million to around £118 million, artificially boosted by significant levels of emergency Covid-19 funding. Residual grants are expected to be repaid before the end of 2021/22 and as such, investment balances are expected to be substantially lower in the forthcoming year.

Objectives: The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Strategy: The Council believes that the current ultra-low level of returns is insufficient reward for the risk of locking into longer deposits. The bulk of cash balances will therefore continue to be held in short-term liquid deposits and it is accepted that zero returns may arise from some of these investments. Cash levels will be run down by applying to capital funding as per the borrowing strategy in section 5 thereby reducing the cost of external borrowing. Obtaining any yield on 2022/23 investments will rely on the Council's strategic investment in the CCLA Local Authorities Property Fund.

In the event of cash levels remaining significantly high (e.g. from changes/slippage to the capital plan) the CFO will evaluate options for further diversifying into strategic investments over a longer term to gain yield, subject to appropriate risk management and an overall limit of £15million (representing the minimum forecast level of future Reserves).

The policy for counterparty selection and investment limits is presented at Appendix 3.

Non-Financial Investments Strategy

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments.

The previous sections relate solely to treasury management "cash" investments and the current schedule of non-financial investments is detailed at Appendix 4. All decisions have followed appropriate risk management framework and strategy for non-financial investments approved by Council in February 2019.

Any involvement by the Council in community investment schemes such as Credit Unions and Mutual Banks would fall into this category and would not be managed within the treasury management policies.

Environmental, Social and Governance (ESG) Investments

The Council does not have a formal ethical investment policy and currently has no investment specifically in ESG instruments. Officers will continue to monitor and evaluate ESG investment opportunities, and these may be incorporated into future investment strategies subject to yield and security. Given the limited range of counterparties the Council can use for its investments and that borrowing is mainly from the Government there are limited opportunities to apply ESG principles in this Strategy.

7 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating/credit score of its investment portfolio. The credit score is calculated by applying a value to each investment (AAA=1, AA+=2, …. A=6 etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating (score)	A (6)

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 1 months	£10m

Interest rate exposures: This indicator is set to control the Council's exposure to interest rate risk.

The Council's debt portfolio is virtually all at fixed rate and therefore has no exposure to fluctuations in interest rates. As such no specific limits are proposed on interest rate exposure but any new borrowing will be restricted to a maximum 30% of the total portfolio exposed to variable interest rate.

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	50%	0%
20 years and within 30 years	60%	0%
30 years and within 40 years	50%	0%
40 years and above	50%	0%

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	**2021/22**	**2022/23**	**2023/24**
Limit on principal invested beyond year end	£20m	£20m	£20m

8 Treasury Management Consultants

Arlingclose Ltd was appointed as the Council's external treasury management advisors for three years from April 2020, following a full tender process.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regard to all available information including, but not solely, our treasury advisers.

9 Reporting Arrangements and Management Evaluation

Members will receive the following reports for 2022/23 as standard in line with the requirements of the Code of Practice:

- Annual Treasury Management Strategy
- Mid-Year Treasury Review report
- Annual Treasury Outturn report

The Chief Finance Officer will inform the Cabinet Member for Finance of any long-term borrowing or repayment undertaken or any significant events that may affect the Council's treasury management activities. The CFO will maintain a list of staff authorised to undertake treasury management transactions on behalf of the Council.

The Chief Finance Officer is authorised to approve any movement between borrowing and other long-term liabilities within the Authorised Limit (see Section 2). Any such change will be reported to the next meeting of the Council.

The impact of these policies will be reflected as part of the Council's revenue budget and therefore will be reported through the quarterly budget monitoring process.

The Council's management and evaluation arrangements for Treasury Management will be as follows:

- Monthly monitoring report to the Chief Finance Officer and lead Members.
- Quarterly meeting of the Treasury Manager/ Finance Manager / Chief Finance Officer to review previous quarter performance and plan following period activities
- Regular meetings with the Council's treasury advisors
- Investment benchmarking against other local authorities via Arlingclose Ltd
- The Audit Committee is the body responsible for scrutiny of Treasury Management.

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management

The training needs of treasury management officers are periodically reviewed.

10 Other Matters

Soft Loans

Accounting for financial instruments require the recognition of soft loans i.e. where a loan is made at a lower than ‘competitive’ rate the cost implicit in achieving the lower rate must be reflected in the Council’s accounts.

Anti-Money Laundering

The Council will comply with all relevant regulations.

IFRS 16 Lease Accounting

The Director of Finance will monitor any implications of the introduction of IRFS16 on leases. Now expected to be implemented from April 2022.

Appendix 1

Policy on Minimum Revenue Provision for 2022/23

The Minimum Revenue Provision is a statutory charge that the Council is required to make from its revenue budget. This provision enables the Council to generate cash resources for the repayment of borrowing.

The basis for the calculation of the provision is prescribed by legislation (Local Authorities (Capital Finance and Accounting (England) (Amendment) Regulations 2012 and supported by statutory guidance (last issued March 2018), which states that Councils are required to "determine for the current financial year an amount of MRP that it considers to be prudent" and prepare an annual statement on their MRP calculation to their full Council.

One of the aims of this legislation is to ensure that the repayment of principal owed for Capital expenditure is charged on a prudent basis. Central Government guidance says:

> "*the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the Capital expenditure provides benefits"*

For Supported Borrowing, (borrowing funded by central government), the Council will charge MRP at 2% of the balance as at 31 March after the deduction of the value of adjustment A (a set value in 2004), fixed at the same cash value as that of the whole debt is repaid after 50 years.

The Council will charge a VRP (voluntary revenue provision) for the supported borrowing within the adjustment A value that is outstanding as at 31 March relating to transferred debt from Devon County Council fixed at the same cash value as that of the whole debt is repaid after 50 years (which is similar to the supported borrowing calculation).

For capital expenditure funded from unsupported borrowing the Council will make a MRP based on the cumulative expenditure incurred on each asset (including investment fund properties) in the previous financial years using a prudent asset life, which reflects the estimated usable life of that asset. (See table on the following page.)

The MRP for each asset will be calculated on the asset life method using an annuity calculation. MRP will be calculated on the total expenditure on that asset, in the financial year after the asset becomes operational or 12 months after operational or when there is an income stream in relation to that asset.

The Council will continue to charge services for their use of unsupported borrowing using a prudent asset life (or a shorter period) on an annuity calculation. Where possible the same asset life and borrowing interest rate will be used for both the charge to services and the calculation of the MRP.

To mitigate any negative impact from the changes in accounting for leases and PFI schemes the Council will include in the annual MRP charge an amount equal to the amount that has been taken to the balance sheet to reduce the balance sheet liability for a PFI scheme or a finance lease. The calculation will be based on the annuity method using the Internal Rate of Return (IRR) implicit in the PFI or lease agreement.

Where loans are given for capital purposes, they come within the scope of the prudential controls established by the Local Government Act 2003 and the Local Authorities (Finance and Accounting) (England) Regulations 2008.

The Capital Financing Requirement (CFR) will increase by the amount of the loan. Once the funds are returned to the local authority, the returned funds are classed as a capital receipt with those receipts being earmarked specifically to that loan, and the CFR and loan will reduce accordingly. If the expectation is that funds will be repaid in full at some point in the future, there is no requirement to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The position of each loan will be reviewed on an annual basis by Chief Finance Officer.

Where expenditure is on an investment fund property a MRP may not be applied where there is a clear decision or realistic expectation that an asset purchased as an investment property will be sold within twelve months where the capital receipts from that sale will be set aside to enable repayment of the borrowing associated with the asset.

Where relevant, the suggested asset lives for certain types of capitalised expenditure as detailed in the MRP statutory guidance issued by DCLG will be used. The latest guidance issued in March 2018 suggests a maximum asset life of 50 years.

Each asset life will be considered in relation to the asset being constructed; however as a guide the following are typical ranges for asset lives that will be used.

Asset Type	**Range of Asset Life**
Freehold Land (speciifed in DCLG statutory gudiance)	50 years
Buildings	20-40 years
Investment Properties	25-50 years
Software	5-10 years
Vehicles & Equipment	5-8 years
Highway Network	25-40 years
Structural Enhancements	10-25 years
Infrastructure	25-50 years

For capital expenditure where land and buildings are not separately identified a blended asset life can be used.

Appendix 2
Economic Commentary

(Provided by Arlingclose Ltd, November 2021)

Economic background: The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

Credit outlook: Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Appendix 3

Creditworthiness Policy and Investment Limits

The following policies are proposed in terms of normal economic and market conditions. Given the significant volatility generated by the Covid-19 pandemic and other factors such as Brexit the limits approved may need to be varied at any time to remain viable and relevant. Accordingly the Chief Finance Officer will exercise his delegated powers "to take any decisions (including Key Decisions) and to exercise all legal powers relevant to the Council's borrowing, investments and financial management)" (s.7.1 of the Constitution – Officer Scheme of Delegation) to achieve this.

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 9: Approved investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£15m	Unlimited
Secured investments *	25 years	£15m	Unlimited
Banks (secured)*	25 years	£15m	Unlimited
Banks (unsecured) *	13 months	£6m	Unlimited
Building societies (unsecured) *	13 months	£6m	£18m
Registered providers (unsecured) *	5 years	£6m	£20m
Money market funds *	n/a	£15m	Unlimited
Strategic pooled funds	n/a	£10m	£20m
Real estate investment trusts	n/a	£10m	£20m
Other investments *	5 years	£6m	£15m

This table should be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds (such as CCLA) that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only new investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government or, on an exception basis, with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Council's revenue reserves available to cover investment losses are forecast to be £30 million on 31st March 2022. In order that no more than 50% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 10: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£25m per group
Any group of pooled funds under the same management	£20m per manager
Foreign countries	£30m per country
Money market funds	£60m in total

Document is Restricted

TORBAY COUNCIL

Meeting: Council **Date:** 3 March 2022

Wards Affected: All Wards

Report Title: Review of Reserves 2022/23

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

Supporting Officer Contact Details: Sean Cremer, Deputy Chief Finance Officer Sean.Cremer@Torbay.gov.uk

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1. Purpose

1.1. The Council holds several 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 2022/23 budget setting process, Council notes the Council's reserves position.

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 significant financial uncertainty because of Covid-19 and the impact on both expenditure and income, as well as in the longer-term uncertainty over future council funding levels given the 2022/23 Local Government finance settlement was for one year only. In addition, the 2021 Spending Review national funding allocation for local government for 2023/24 and 2024/25 were at the same levels as 2022/23 (excluding the health and social care levy), therefore meaning that there is no provision for growth or inflation in these years.

3.3. As a result of Covid-19 the Government allowed Councils to spread the loss relating to 2020/21 over 3 years. So far in 2021/22 collection of Council Tax and Business Rates (NNDR) has performed in line with forecasts used in setting the 2021/22 budget. At this stage it is unclear to what extent the latest developments in relation to new strains of Covid-19 may impact upon collection rates in 2022/23.

3.4. The General fund is at £5.6m which is approx. 5% of the Council's 2021/22 net budget. This is after an agreed Council increase to the Reserve of £1m in 2020/21. This level of General Fund reserves is low but prudent, however should the Local Authority be required to fund the

Dedicated Schools Grant (DSG) deficit, which is forecast to be more than £9m by March 2022, 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 2021/22 should this overspend not be addressed during the remainder of the financial year.

3.6. Whilst Childrens Social Care underspend in 2020/21, the continued impact of Covid-19 on this budget in terms of placement sufficiency has provided significant pressure on the 2021/22 budget. This has served as a reminder of the significant impact should spend start to rise again at levels seen in previous years, noting that there is limited funding within the CSR Reserve and the General Fund reserve to meet this. Future increases in spend like those seen in previous years would be a major concern for the Council as Children's Services represents approx. 40% of the Council's budget.

3.7. As a result of the relatively low level of general reserves it remains an option for the Council to approve prudential borrowing of up to £3m to fund items in the capital plan that were intended to be funded from revenue or reserves. This results in ongoing borrowing costs which will need to be included in future year budgets but does give a boost to reserves that are low. This funding could be added to both the General Fund Reserve and the Comprehensive Spending Review Reserve. This would then provide a higher level of mitigation for the Council by increasing the general fund reserve and increase the Comprehensive Spending Review Reserve to above minimum target levels. This option can be taken by Council in year if financial issues materialise in 2022/23 or future years.

3.8. 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.

3.9. 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 (Higher Needs). 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 and is therefore not a cost that the Council must fund. This position had been confirmed by the School and Early Year Finance (England) Regulations 2020. However, most recently, engagements with the Education and Skills Funding Agency (ESFA) have indicated that a central government funding solution is unlikely. Consequently, it was disappointing that the Schools Forum, on a majority vote, chose not to agree to transfer 0.5% of the Schools block (of funding) in the 2022/23 DSG to the Higher Needs block. This decision exacerbates the position in relation to the deficit.

3.10. Due to the significant financial risks facing the Council in 2022/23 because of the prolonged effect of Covid-19 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. Following previous Review of Reserves and the Medium-Term Financial Plan, it is recommended that, because of the level of current and previous year budget variations, to continue the target to establish a balance of the CSR Reserve at a minimum of £3m.

3.11. In addition to possible rises in demand pressures for social care, the future financial risks facing the Council are compounded by the uncertainty around future funding due to the spending review being reduced to a one-year settlement. Torbay's actual funding allocation was notified in December 2021, and whilst it contained one-off monies, it is not prudent to fund ongoing recurring expenditure with one-off funding and therefore this short-term nature of the settlement provides challenges to the medium-term finances.

3.12. In the absence of clarity from central government, councils, including Torbay, will inevitably aim to mitigate against that uncertainty. Uncertainties for Torbay Council include:

- Impact of Spending Review in 2023/24 onwards
- The ongoing financial impact of Covid-19
- Impact on new funding formula for Councils in 2023/24 (at the earliest)
- Ending of New Homes Bonus Grant (in its current form) in 2023/24
- Unconfirmed allocations for specific grants such as Improved Better Care Fund, Flexible Housing Grant and Supporting Families for 2023/24
- Impact of relative resource (council tax and service) equalisation in 2023/24 (at the earliest)
- Impact of the new NNDR retention scheme in 2023/24 (at the earliest)
- Impact of the revised NNDR baselines in 2023/24 (at the earliest)
- Future funding of Higher Needs Block in new schools funding formula
- Future value of contract for Adult Social Care in 2023/24
- Impact of reforms to Adult Social care from 2023.

3.13. 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 Torvista. 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 Council funded housing development at Preston Down Road, extra care accommodation at both Crossways and Torre Marine and the major regeneration schemes at Union Square possible involving a joint venture company and at Victoria Square.

3.15 In addition, the Council owns 100% of SWISCo, Torbay Education Limited and the TDA Group of companies including Torvista, TEDC Developments, C&A Consultancy and Complete Cleaning Solutions. There are inevitably risks associated with those companies.

3.16 As part of setting the Budget for 2021/22 £1.2m was held in reserves for SWISCo, as it was recognised that they were likely to require financial support. This entire balance has been required in 2021/22 and the Council is proposing an "re basing" of the SWISCo funding in 2022/23.

3.17 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 <u>Chief Finance Officer Statement.</u>

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 2022/23 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 retaining the prudent levels in the general fund reserve at close to 5% of the Council's net revenue budget and the continued, prudent use of reserves to support potential Covid-19 issues and the three-year impact of the 2020/21 collection fund deficit.

4.3 My statement for 2022/23 must be caveated due to the continued uncertainty around Covid-19. So far there is no announced financial support for 2022/23 to deal with increased expenditure or reduced income.

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

a) The Medium-Term Financial Plan includes an increase to the CSR reserve to achieve a minimum ongoing balance of £3m.

b) That the Council maintains the focus on social care, both adults and childrens, as the biggest financial risks to the Council to deliver the identified improvements supported by a robust financial recovery plan and the sufficiency strategy

c) That Council recognises the option of using borrowing to fund the capital plan to enable an increase to reserve levels by £3m if needed.

4.5 However, all consideration of reserves must recognise the fundamental financial risk to the Council and schools associated with 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 £9m by March 2022. While the Council and schools work jointly to mitigate this financial pressure the only viable solution is a central government resolution to this issue. The current central government short-term "fix" of having a statutory override to reclassify the deficit on the Council's balance sheet does not solve the issue. Inevitably if there is a risk that the council will have to fund this deficit then the fundamental financial impact on the Council will result in a s114 notice being issued and service and school spend being reduced or stopped.

4.6 At this stage with the significant uncertainty in relation to central government funding for 2023/24 I am currently only able to provide limited assurance in relation to 2023/24. I recommend, however, that the Council continues to be prudent in its use of reserves and plans for future risks and their mitigation. These to include:

a) Establishing and then maintaining a balance on CSR reserve of £3m

b) Protection to current level of General Fund Reserve

c) No general reserves used to balance 2022/23 or future year budgets

d) Specific material risks still mitigated for – e.g., insurance, NNDR volatility and investment fund

e) Regular updates and awareness of the risks identified in the Medium-Term Resource Plan

f) That the Council continues to deliver its transformation programme at pace in the medium term

g) Continued focus on reducing spend in children's' social care

h) That work continues on the Adult Social Care improvement plan

4.6 For more detailed information on this proposal please refer to the supporting information attached.

Sean Cremer
Deputy 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 2022/23

A2.1 Overview

A2.2 As at the start of the year, Torbay Council's reserves were as follows:-

- Reserves	Balance as at at 1/4/21 £'000	Balance as at at 1/4/22 £'000	Balance as at at 1/4/23 £'000	Balance as at at 1/4/24 £'000	Balance as at at 1/4/25 £'000
General Reserves					
General Fund	5,744	5,622	5,622	5,622	5,622
Earmarked Reserves					
COVID Reserve	2,350	1,100	100	0	0
Comprehensive Spending Review	2,370	1,865	1,765	2,265	2,765
Capital Reserves:	2,925	2,445	2,189	2,117	2,117
School Related Reserves	1,586	1,442	1,276	1,131	1,006
Partner/Ring Fenced Reserves	3,976	3,852	3,452	1,675	1,662
Specific issues	32,753	12,488	10,266	8,628	8,428
Investment Fund	1,376	1,659	2,658	3,658	4,658
Grants - received not spent	10,336	6,797	3,729	1,349	1,348
Total Earmarked Reserves	**57,672**	**31,648**	**25,435**	**20,823**	**21,984**
TOTAL RESERVES	**63,417**	**37,270**	**31,057**	**26,445**	**27,606**

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

A2.4 The table above currently **excludes** the deficit balance in the higher needs block of the Dedicated Schools Grant of £5.8m as at March 2021. Under a statutory override this reserve is reclassified until the end of 2022/23. 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 £9m at the end of 2022/23.

A2.5 Each reserve has been assessed for its estimated balance as at 31st March 2022 and for the estimated additions or withdrawals from the reserve during 2022/23 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 2021/22 and 2022/23 by circa £26m.

A2.7 The majority of the movement is due to amounts carried forward specific issues including the Collection fund Reserve balance that reflects the timing of the 2020/21 s31 NNDR relief compensation grants.

A2.8 The Collection Fund reserves were inflated at the start of the year by £12m which were reversed in 2021/22. This relates to the timing difference between the grant funding of the 2020/21 retail, leisure and hospitality 100% reliefs and the following financial year that the impact has to be accounted for in. With the 2021/22 extended NNDR reliefs and the proposed

2022/23 NNDR extended relief schemes, depending on how and when DLUHC will pay and recoup the relevant compensation grants there could be, as in 2020/21, significant temporary balances held for NNDR at year end which have not been included in these tables pending detail from DLUHC being issued.

A2.9 Adults Social Care

A2.10 The current three-year agreement will expire in March 2023. 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 to nil. Given the impact of Covid-19 the work of the Adult Social Care Improvement board is integral to mitigating the risk of future increases wherever possible.

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 As part of the 2022/23 budget to mitigate against volatility of cost and demand for placements a new earmarked reserve will be established with an initial level of £1.0m. This reserve will be created from the reallocation of surplus balances from other reserves.

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

A3.1 The CIPFA guidance on reserves is now included in the Financial Management Code of Practice (2019). It states:

Local authorities are directed to have regard to the level of reserves when considering their budget requirement. Consequently, reserves are a recognised and intrinsic part of financial planning and budget setting. The assessment of ‘adequate’ and ‘necessary’ levels of reserves is a matter for local authorities to determine. It is the responsibility (with statutory backing in England and Wales) of the Chief Finance Officer to advise the local authority on the appropriate level of reserves and the robustness of the estimates.

The budget report should include details of the earmarked reserves held, and explain the purpose of each reserve, together with the estimated opening balances for the year, details of planned additions/withdrawals and the estimated closing balances.

A well-managed authority, with a prudent approach to budgeting, should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. Compliance with the Financial Management Code will give important reassurance that the authority’s financial management processes and procedures are able to manage those risks.

These should be maintained at a level appropriate for the profile of the authority’s cash flow and the prospect of having to meet unexpected events from within its own resources. Even where, as part of their wider role, auditors have to report on an authority’s financial position, it is not their responsibility to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

As a general rule, the authority might seek to: have a policy as to the level of reserves it wishes to retain and how these reserves may be used, be able to demonstrate that it has used its reserves only for investment in future activities or in the implementation of savings plans, rather than to plug funding gaps in the delivery of services.

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.

A3.4 It is important to differentiate between general and uncommitted reserves and reserves held for a specific purpose. It is only the general and uncommitted reserves that could be used to support "short term costs". As shown in the table above, the Council's uncommitted reserves were part of the Comprehensive Spending Review reserve and the Council's general fund balance which is discussed later. The Council does not have a large value of unallocated reserves compared to its overall budget or compared to the value of budget reductions required over the next few years or compared to the value of the in-year budget variances in social care over the past few years.

A3.5 The Chief Finance Officer is reluctant to use any reserve funds, which can only be spent once, to support ongoing expenditure as this is not financially sustainable, as it only delays the impact of the required budget reductions.

A3.6 This position taken by the Chief Finance Officer is in keeping with the CIPFA Financial Management Code guidance which states:

> The aim of the authority's financial reserves is to provide funding for investment in future activities and to act as a safety net in case of short-term financial challenges. Consequently, limited use of reserves to support the delivery of a clear and transparent savings programme is perfectly acceptable. Using reserves to fund otherwise-unsustainable services or to defer the need to make difficult decisions about service delivery, on the other hand, is to be avoided. Such an approach does nothing to enhance financial resilience. It also serves to make those difficult decisions even more difficult when they inevitably have to be made in the future.

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 Two. 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 Reserve

A3.10 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.

A3.11 Given the levels of budget variation the Council has experienced in recent years, the minimum target reserve level should still be £3m. The budgeted contribution of £0.5m with additional contributions in future years will help to provide a higher level of risk mitigation for the Council.

A3.12 Dedicated Schools Grant

A3.13 The reserve for Dedicated Schools Grant is estimated to be in a deficit of £9m as at March 2022. Funding for schools activities are primarily funded though the dedicated schools grant (DSG). The Council does not receive any schools funding within its own grant and funding allocations. This grant is allocated in "blocks" to cover different activities.

A3.14 The higher needs block has in the recent years been under financial pressure as a result of an increasing level of referrals from schools and parents for higher needs support for children resulting in a cumulative overspend.

A3.15 The Council does not receive any funding for schools therefore the overspend will remain in the DSG to be funded from DSG in future years. This overspend is therefore not a cost that the Council has to fund. This position was confirmed by the School and Early Year Finance (England) Regulations 2020 and repeated for 2021. However, as mentioned earlier in the report, recent conversations with the Education and Skills Funding Agency (ESFA) have indicated that a central government funding solution to deficits is unlikely.

A3.16 The Explanatory note to the 2020 Regulations stated:

We have made changes to how a local authority should handle deficits in their schools budget in order to make clear, on a statutory basis, that the schools budget is a ringfenced fund. Therefore, where a local authority decides not to deduct the deficit from its schools budget, it must carry forward the deficit to future financial years rather than fund it from other sources.

A local authority will now only be able to fund a deficit from a previous financial year from other sources where the Secretary of State has given authorisation to disregard the requirements in the regulations.

To reflect this, a number of changes have been made in Regulations 8(7) and 8(8) and Part 8 of Schedule 2 on dealing with the handling of deficits in a local authority's schools budget. The impact of these changes will be that a local authority with a deficit in its schools budget from a previous funding period ("funding period" is defined as a financial year) must either: (i) deduct the whole of the deficit from its schools budget for the current financial year; (ii) deduct part of the deficit from its schools budget for the current financial year and carry forward the rest of it into the next financial year; (iii) carry forward the whole of the deficit into the next financial year.

A3.17 This represents a significant financial risk that needs to be highlighted to Members given the relative value compared with the total balances in the Council's General Fund and CSR reserve.

A3.18 Investment Fund Reserve

A3.19 The Council has now invested over £235m in investment property and capital loans. Following on from the HM Treasury started a consultation on future PWLB borrowing terms the Council is no longer purchasing such assets, but it retains its previous investments.

A3.20 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.

A4 Review of Provisions, other Potential Liabilities and potential risk from Council Companies

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 CFO 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".

TEDC trading as TDA, 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.

Following the launch of SWISCo in 2020 amidst challenging operating environments the Council has continued to provide additional financial support as part of setting the 2021/22 budget and further support is proposed for 2022/23 and future years. This work is predominantly focussed on modernisation of the Company and should result in improved operational efficiency in future years.

Torbay Education Limited started operating in November 2021 for the delivery of an independent service providing which provides specialist tuition for students unable to attend mainstream school for medical reasons.

As the number of council subsidiary companies and the range of activities they undertake expand, the Council must ensure it closely monitors the Companies performance.

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 also 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.

A5 <u>Collection Fund</u>

The Collection Fund Adjustment Account (formally Collection Fund Reserve) is slightly different from all other reserves and includes both Council Tax and NNDR. For Council Tax, legislation requires any balance (surplus or deficit) to be applied at the next Council Tax setting to the three major precepting authorities (Torbay, Devon & Cornwall Police Authority and Devon and Somerset Fire Authority). (Note Brixham Town Council as a minor precepting body does not bear any share of surplus or deficit).

For NNDR, because of the introduction of the new Local Government funding arrangements from April 2013, 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 NNDR equalisation reserve to help smooth the volatility of income, set at a target level of 5% of the Council’s annual NNDR retained income under a 49% retention scheme.

Estimates of future year surpluses or deficits are included in the Budget Setting process and reflected in the Medium-Term Resource Plan.

The economic impact of Covid-19 has had a significant impact on the collection of council tax in 2020/21 and, in line with forecasts, 2021/22 has seen a continued, but lower, shortfall.

The earmarked reserve established in 2020/21 remains sufficient to meet the spread of the 20220/21 deficit over three years. As a result, the Council in future years will not have to make service reductions to fund this shortfall. However, given the developments in December 2021 in relation to Covid-19, there remains uncertainty on the future impact.

A6 <u>Pensions and Loans (Non Treasury Investments)</u>

<u>Pensions</u>: 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 LGPS 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. As such, under accounting standards (IFRS), these are accounted for as insurance contracts. There is different accounting treatment for the guarantee to TEDC as that is now accounted for as a “pass through” agreement.

<u>Loans:</u> The Council has provided several loans to the private sector and to it 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 a potential further £25m loan 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.

<u>Investment Properties:</u> 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

The Council increased its General Fund Reserves in 2020/21 by £1m to £5.6m which is approx. 5% of the Council's net 2022/23 budget. Despite the prudent and welcome increase this level of "unallocated financial reserves" is relatively low compared to other unitary Council's.

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".

A risk assessment of all budgets suggest that the maximum overspend in any year, if all services were subject to adverse pressures and where there isn't any specific service-related earmarked reserve, would be £10.1m million or circa 9% of 2022/23 draft net revenue budget. An estimate should be added to reflect any, as yet unknown, in year budget pressures, potential Bellwin scheme claims (emergency planning), to reflect the financial risks inherent in any significant new partnerships such as Torvista and SWISCo, investments, funding changes, outsourcing or capital developments, of £1.0 million. This would result in a required General Fund reserve of £11.1 million or 10% of net budget. The current level of General Fund Reserve will cover 50% of this sum.

The risk above has been mitigated as the council continues to expect to have a fixed payment for Adult Social care. This fixed payment does remove volatility from the second largest budget/service the Council has. However, if there is no fixed payment then the Council will again be exposed to the risk of volatility of both demand and cost in this key service.

In addition, the challenges of achieving the ongoing significant budget reductions from central government create a major risk of budget variations.

A prudent risk-based approach to budget setting and reserve levels will have mitigated some risks of an overspend. It is vital that the improvement plans continue to yield results within both Adults and Children's Social Care and the medium-term financial strategy for this service is delivered to reduce the levels of (financial) risk.

However, it is unlikely that all budgets will be adversely affected in the same year or that there will be no under spending arising from savings or additional income. Therefore, the General Fund Reserve should be equal to 50% of the total assessed risk in any financial year (which equals to 5% of estimated 2022/23 net revenue budget). This for 2022/23 will result in a target general fund reserve balance of £5.9 million.

The 2022/23 budget to be presented in March 2022 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 Investment Plan

It is assumed that in the circumstances of a significant overspend within the Council's capital programme this will be covered by alterations to the timing of the Council's capital investment plan, use of the capital contingency or from additional borrowing within the Council's approved Prudential Indicators. Any additional borrowing costs would have to be met from the Council's revenue budget.

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. (Note additional contingency funded from prudential borrowing proposed as part of 2022/23 revenue budget).

It should be noted that there is currently high risk of cost inflation on capital projects. Any cost rises within a project will have to met within that project's funding. Therefore, it is essential appropriate project contingencies are set in the business case for each project.

A9 **Comparison with Other Councils:**

CIPFA issue the financial resilience index for all councils. Using this Index, Torbay's general fund reserve remains low when compared to other Council's. Based on 2020/21 data Torbay's general fund reserve as a percentage of its net revenue budget was 11 lowest from 14 statistically similar councils. The same comparison for earmarked reserves ranked Torbay as 8 lowest from the same 14 Councils.

A10 **Governance of Reserves.**

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.

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.

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**

Outline of significant key risks

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.

The major risks facing the Council at present are the uncertainty of the Council's future funding from 2023/24 onwards and the ongoing financial pressures from both Children's social care and, in the longer term, adults' social care.

As a guide to higher costs in the longer term from changes in demand from the demographic profile of Torbay, the following table shows the ONS estimated population changes in Torbay over the next 10 years.

Age Group	2020 000's	2025 000's	2030 000's	10 year Change 000's	10 year Change %
Up to 4	7	7	7	0	0
5 to 17	22	23	23	+1	+5
18 to 64	71	71	69	(2)	(3)
65 to 79	27	28	30	+3	+11
80 and over	10	12	15	+5	+50
Total Population	**137**	**141**	**144**	**+7**	**+5**

The table shows that there is likely to be decline in the working age population over 10 years with increases on both school age and over 65's. It is the rise in over 65's and within that the increase in the over 80 population that is likely to result in significantly higher social care costs in the longer term. It is essential that the Council has a long-term plan for these future demand changes.

It is important for the Council to review its risks and rewards in relation to new activities, such as Investment properties and its interests in its companies if the level of activity in those companies changes. Companies include the TDA Group including Torvista and TEDC Developments and "SWISCo".

Appendices

Appendix 1	Review of Reserves 2022/23
Appendix 2	Summary of Council Reserves

Appendix 1 Review of Reserves 2022/23

Reserves	Balance as at at 1/4/21 £'000	Balance as at at 1/4/22 £'000	Balance as at at 1/4/23 £'000	Balance as at at 1/4/24 £'000	Balance as at at 1/4/25 £'000
General Reserves					
General Fund	-5,744	-5,622	-5,622	-5,622	-5,622
	-5,744	**-5,622**	**-5,622**	**-5,622**	**-5,622**
Earmarked Reserves					
Comprehensive Spending Review					
COVID Reserve	-2,350	-1,100	-100	0	0
Comprehensive Spending Review	-2,370	-1,865	-1,765	-2,265	-2,765
	-4,720	**-2,965**	**-1,865**	**-2,265**	**-2,765**
Capital Reserves:					
Capital Funding Reserve	-2,742	-2,345	-2,139	-2,117	-2,117
IT Equipment Reserve	-54	0	0	0	0
IT Replacement Res New Project	-130	-100	-50	0	0
	-2,926	**-2,445**	**-2,189**	**-2,117**	**-2,117**
School Related Reserves					
Dedicated Schools Grant	0	0	0	0	0
Education Schools Exit Packages	-150	-150	-112	-84	-63
School Balances	-1,436	-1,293	-1,163	-1,047	-942
	-1,586	**-1,442**	**-1,276**	**-1,131**	**-1,006**
Partner/Ring Fenced Reserves					
Adult Social Care	-1,425	-1,425	-1,425	-37	-37
Devon Audit Partnership	-25	-25	-25	-25	-25
EDC Reserves (Funds paid in advance)	-66	-66	-66	-66	-66
Harbours Reserves	-39	-163	-163	-174	-161
Public Health Reserve	-1,893	-1,893	-1,493	-1,093	-1,093
Museum Reserve	-25	-25	-25	-25	-25
Swimming Pool Reserve	-42	-42	-42	-42	-42
Salix Fund	-214	-214	-214	-214	-214
EU Exit Funding	-248	0	0	0	0
	-3,976	**-3,852**	**-3,452**	**-1,675**	**-1,662**
Specific issues					
Adult Care Trust	-268	-268	-268	-268	-268
Childrens Services	0	-1,000	-1,000	-1,000	-1,000
Community Engagement	-215	-140	-65	0	0
Concessionary Fares	-960	0	0	0	0
Council Elections	-216	-276	-336	-86	-86
Crisis Support Reserve	-487	-487	-387	-287	-187
Growth Fund	-3	0	0	0	0
Equipment Reserves	-277	-277	-277	-177	-77
Geopark	-16	-6	0	0	0
Governance	-33	0	0	0	0
Green Travel Plan	-106	-106	-106	-106	-106
Highway Reserves	-347	-297	-297	-297	-297
Housing First	-114	0	0	0	0
Housing Benefit	-475	-475	-475	-475	-475
HR	-9	0	0	0	0
Insurance Reserves	-3,295	-3,295	-3,295	-3,295	-3,295
Ind Chair for Strat Housing Bo	-40	-40	-40	-40	-40

Collection Fund	-16,952	-2,659	-1,709	-759	-759
Partnership 2122	-2,000	0	0	0	0
Planning Reserve	-275	-275	-275	-275	-275
PFI Sinking Fund	-573	-373	-173	0	0
Regeneration Reserve	-243	-243	0	0	0
Town Centre Regeneration	-46	-46	0	0	0
Section 106	-7	-7	-7	-7	-7
Service Carry Forwards	-2,847	-786	-606	-606	-606
SWISCo operational	-1,200	-248	-248	-248	-248
Tourism	-12	0	0	0	0
Transformation Reserve	-178	-78	0	0	0
Waste Strategy	-248	0	0	0	0
WESTLANDS PFI	-52	0	0	0	0
Climate Change	-55	-55	0	0	0
Better Bus area	-9	0	0	0	0
Community Infrastructure Levy	-343	-343	-343	-343	-343
Retail Reserve	-511	-443	-143	-143	-143
Car Parking	-315	-265	-215	-215	-215
New Burdens - Transparency Code	-26	0	0	0	0
Leisure Centre Support	0	0	0	0	0
	-32,753	**-12,488**	**-10,266**	**-8,628**	**-8,428**
Investment Fund					
Investment Fund	-1,376	-1,658	-2,658	-3,658	-4,658
	-1,376	**-1,658**	**-2,658**	**-3,658**	**-4,658**
Grants - received not spent					
Grants - received not yet spent	-10,336	-6,796	-3,729	-1,348	-1,348
	-10,336	**-6,796**	**-3,729**	**-1,348**	**-1,348**
Total Earmarked Reserves	**-57,673**	**-31,647**	**-25,435**	**-20,823**	**-21,984**
TOTAL RESERVES	**-63,418**	**-37,270**	**-31,057**	**-26,445**	**-27,606**

Appendix Two

Name of Reserve	Description of Reserve	Responsible Officer
Adult Social Care	Reserve for any adult social care funding to be used to support adult social care	Jo Williams Director of Adult Social Care
Capital Funding	To reserve funding for items in the approved Capital Plan Budget.	Martin Phillips Chief Finance Officer
Carry Forwards	Balance of any Service specific Carry Forward of budget	Martin Phillips Chief Finance Officer
Childrens Services Reserve	To fund any variations in the cost of placements for looked after children.	Nancy Meehan 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	Martin Phillips Chief Finance Officer
Comprehensive Spending Review Reserve	To fund costs associated with meeting future budget reductions	Martin Phillips Chief Finance Officer
Crisis Support Fund	Reserve to support the costs of social fund and exceptional hardship	Tara Harris 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.	Nancy Meehan 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	Kevin Mowat Director for Place
Grants recognised but not used	Reflects the value of revenue grants (without conditions) received by 31st March but not yet used to support expenditure. This includes Covid-19 Grants	Martin Phillips Chief Finance Officer
Harbours	Torquay, Paignton and Brixham Harbours – To finance	Kevin Mowat

	Harbour expenditure schemes for the purpose of Harbour Users.	Director for Place
Highways Reserves	Reserve holding funds received under Highways Acts and other legislation where the Council holds funds to do works.	Kevin Mowat Director for Place
Housing Benefit Subsidy	Reserve to mitigate variations to the Council's housing benefit subsidy	Tara Harris 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	Martin Phillips 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	Matt Fairclough-Kay Divisional Director – 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	Kevin Mowat Director for Place
Collection Fund Reserve	Reserve to smooth the volatility of NNDR income including appeals, s31 grant and the performance of the Devon wide NNDR pool. To fund the impact of the three-year spread of the cost of the 2020/21 collection fund deficit	Martin Phillips Chief Finance Officer
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.	Nancy Meehan Director of Children's Services
Planning Reserve	To provide for costs of Local Plan Inquiry held every 4/5 years and Masterplan delivery.	Kevin Mowat Director for Place
Public Health	Reflects carry forward of ring-fenced funds for Public Health	Lincoln Sargeant Director Public Health
Regeneration Reserve	A reserve to support economic regeneration and employment initiatives	Kevin Mowat

		Director for Place
Regeneration/TDA Reserve	Reflects the value of funds awarded to the TDA where the work has yet to be completed.	Kevin Mowat Director for Place
School Balances	Reflects the carry forward by schools of their delegated school budget share.	Rachael Williams Divisional Director Education
School Redundancy Reserve	Reserve to support the costs of redundancies for schools-based staff	Rachael Williams Divisional Director Education
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.	Kevin Mowat Director for Place
Town Centre Regeneration	Reserve established to fund the staffing and feasibility costs associated with the Town Centre Regeneration project	Kevin Mowat Director for Place
Transformation Reserve	Reserve to support expenditure on projects associated with the Council's transformation programme.	Anne-Marie Bond Chief Executive
SWISCo Reserve	Reflects the reclassification of Waste Strategy reserve to reflect the new operational arrangements with SWISCo..	Kevin Mowat Director for Place

Record of Decisions

Strategic Asset Management Plan

Decision Taker

Cabinet on 22 February 2022.

Decision

1) That Council be recommended to approve the draft Asset Management Strategy 2022 – 2027 set out at Appendix 2 to the submitted report.

2) That the Council be recommended to request the Monitoring Officer to update the Council Constitution to reflect the Corporate Asset Management Strategy 2022 – 2027 is reviewed and approved by Full Council every 5 years.

3) That subject to Council approving 1) above the Cabinet approves the draft Asset Management Policy 2022 – 2027 as set out at Appendix 3 to the submitted report.

4) That the Asset Management Operational Delivery Plan be prepared and delegated to the Director of Place, in consultation with the Cabinet Member for Economic Regeneration, Tourism and Housing, for approval.

Reason for the Decision

Torbay Council's Strategic Asset Management Plan will define the principles, criteria and processes through which decisions will be made regarding the use of Council assets.

Implementation

The recommendations of the Cabinet will be considered at the Council meeting on 3 March 2022.

Information

The Strategic Asset Management Plan 2022 ~ 2027 sets out the Council's approach to the strategic management of its assets, how it will support service delivery, provide the Council with income and how it will fulfil its mission to support, enable and empower its residents, our communities, and our partnerships, promote growth and place shaping within Torbay; and deliver the Torbay Community and Corporate Plan 2019 ~ 2023 One Torbay: Working for all.

The draft Strategic Asset Management Plan had been subject to public consultation and considered by the Overview and Scrutiny Board.

At the meeting Councillor Long proposed and Councillor Morey seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

None.

Is this a Key Decision?

Yes

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

Published

23 February 2022

Signed: ____ Date: ________________
Leader of Torbay Council on behalf of the Cabinet

Meeting: Cabinet/Council **Date:** 22 February 2022 / 3 March 2022

Wards affected: Torbay Wide

Report Title: Torbay Council Strategic Asset Management Framework

When does the decision need to be implemented? As soon as possible

Cabinet Member Contact Details: Councillor Swithin Long, Cabinet Member for Economic Regeneration, Tourism & Housing, Swithin.Long@torbay.gov.uk

Director Contact Details: Kevin Mowat, Director of Place, Kevin.Mowat@torbay.gov.uk

Supporting Officer Contact Details: Paul Palmer, TDA Head of Assets & Facilities Management, paul.palmer@tda.uk.net

1. Purpose of Report

1.1 The previous Torbay Council Corporate Asset Management Plan covered the period 2015 ~ 2019 and had been updated on an annual basis. The Corporate Asset Management Plan was last updated in September 2019 following a technical review by the then Director of Corporate Services in light of the change in governance arrangements from Elected Mayor to Leader and Cabinet.

1.2 The draft Strategic Asset Management Framework is a completely refreshed suite of documents and it is presented for approval to Full Council. The framework considers the Council's approach to the strategic management of its assets, how it will support service delivery, provide the Council with income and how it will fulfil its mission to support, enable and empower its residents, our communities, and our partnerships, promote growth and place shaping within Torbay; and deliver the Torbay Community and Corporate Plan 2019 ~ 2023 One Torbay: Working for all.

1.3 The draft Strategic Asset Management Framework was debated by Cabinet on 22nd September 2021 and agreed the Framework should be published for consultation as part of the budget consultation for 2022 / 2023. The document was reviewed by the Overview & Scrutiny Committee on 10th November 2021 making two recommendations. The first being for Cabinet to review the wording of the Strategic Asset Management Plan to ensure that it is easier to understand using Plain English. Secondly, that lease agreements for assets on beachfronts be reviewed to tighten them up to address their impact on climate change and the type of take away waste they create and how they manage their waste to ensure they are not polluting our sea and beaches.

1.4 The Strategic Asset Management Framework was published for consultation on 17th January 2022 through to 8th February 2022 alongside the budget consultation. The outcome of the consultation and revision of the Strategic Asset Management Framework will be considered at Cabinet on 22nd February 2022 with recommendation to Council on 3rd March 2022.

1.5 The Strategic Asset Management Framework is formed of two separate documents the Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2027.

2. Reason for Proposal and its benefits

2.1 We want Torbay and its residents to thrive.

2.2 We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay, and affordable housing for our residents.

2.3 We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

2.4 The Strategic Asset Management Framework consisting of the Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2027 will form part of a suite of key strategic documents for the Council's vision for the built environment which have already been developed in consultation with the community. It focuses on the places where people live and work, maximising opportunities for inward investment and infrastructure that delivers high quality design in our buildings and public realm that increases resilience. It allows for flexibility and growth in the local economy, ensuring any new development contributes positively to community amenities and infrastructure.

2.5 The reason for the decision is that it is intended that Torbay Council's Strategic Asset Management Framework will define the principles through the Strategy, criteria and process and application through the Policy by which decisions will be made regarding the use of Council assets. The adoption of the Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2027 will supersede the existing Corporate Asset Management Plan (2015 ~ 2019).

3. Recommendation(s) / Proposed Decision

3.1 That Council be recommended to approve the draft Asset Management Strategy 2022 – 2027 set out at Appendix 2 to the submitted report.

3.2 That the Council be recommended to request the Monitoring Officer to update the Council Constitution to reflect the Corporate Asset Management Strategy 2022 – 2027 is reviewed and approved by Full Council every 5 years.

3.3 That subject to Council approving 3.1 above the Cabinet approves the draft Asset Management Policy 2022 – 2027 as set out at Appendix 3 to the submitted report.

3.4 That the Asset Management Operational Delivery Plan be prepared and delegated to the Director of Place, in consultation with the Cabinet Member for Economic Regeneration, Tourism and Housing, for approval.

Appendices

Appendix 1: Asset Management Framework Introduction

Appendix 2: Draft Asset Management Strategy 2022 ~ 2027

Appendix 3: Draft Asset Management Policy 2021 ~ 2027

Background Documents

Asset Management Framework - Introduction.

Supporting Information

1. Introduction

1.1 The Torbay Council Strategic Asset Management Framework sets out the Council's approach to the strategic management of its assets, how it will support service delivery, provide the Council with income and how it will fulfil its mission to support, enable and empower its residents, our communities and our partnerships, promote growth and place shaping within Torbay and deliver Torbay Community and Corporate Plan 2019- 2023 One Torbay: Working for all.

1.2 To support this Torbay Council will adopt an Asset Management Framework which comprises of two separate documents:

- Asset Management Strategy 2022 - 2027
- Asset Management Policy 2022 - 2027

1.3 The advantage of adopting such a framework is that many areas relating to the Council's approach to its land and property assets is likely to remain constant for several years. By adopting two separate elements will allow for each to be reviewed at different times. The Asset Management Strategy 2022 – 2027 will establish clear principles by which the Council will manage its land and buildings. It will remain in place for the next 5 years but can be reviewed more frequently to ensure it is still relevant to what it is trying to achieve.

The Asset Management Strategy 2022 – 2027 will be approved by Full Council.

1.4 The Asset Management Policy 2022 – 2027 provides an overview of the Council's land and property estate, together with the main priorities for managing and developing that estate over the next five years. The Policy will set out how the Council will implement the identified principles as described in the Strategy. It will be reviewed and amended, every 3 years to ensure the estate fully supports the Torbay Council Community and Corporate Plan 2019- 2023, by contributing to the key objectives for property asset management.

The Asset Management Policy 2022 – 2027 will be approved by Cabinet.

1.5 Sitting outside of the framework will be the Asset Management Operational Delivery Plan which further describes the specific activities to achieve the objectives of the Asset Management Policy 2022 ~ 2027. The Operational Delivery Plan will be categorised under two thematic headings of Strategic and Operational Actions.

1.6 The Operational Delivery Plan will be populated and approved by Torbay Council's Director of Place. The Operational Delivery Plan will be reviewed and monitored regularly by the relevant Portfolio Holder and Cabinet where necessary. It will continually change to reflect achievements of actions and capture new priorities and initiatives as they are identified. Consequently, the Operational Delivery Plan will not be a policy document.

1.7 It is intended that Torbay Council's Strategic Asset Management Framework will define the principles, criteria and processes through which decisions will be made regarding the use of Council assets.

1.8 The adoption of the Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2027 will supersede the existing Corporate Asset Management Plan (2015 ~ 2019).

1.9 The recommendations by the Overview and Scrutiny Committee on the 10th November 2021 to Cabinet have been actioned. The text used in both the Asset Management Strategy and Policy has been reviewed and amended wherever relevant, so that both documents are easier to understand. Work on reviewing lease arrangements for beachfront assets is being reviewed and will be amended when leases are renewed, or new leases granted.

2. Options under consideration

2.1 None.

3. Financial Opportunities and Implications

3.1 Due to the ongoing financial challenges facing the Authority and the potential for further future reductions in the Revenue Support Grant (RSG), unless there is specific approval at full Council to the contrary, the Council will always seek to maximise revenue streams and the full market receipt whether by way of freehold disposal or leasehold interest from assets classified as 'Investments' or 'Leased Estate, other Land & Buildings'.

3.2 Disposal of other asset groups whether by way of freehold disposal or leasehold interest will be considered alongside community aspirations and due regard to the purpose of ownership, including the operation of Council services.

4. Legal Implications

4.1 There are no legal implications with this proposal.

5. Engagement and Consultation

5.1 The draft Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2027 has been presented internally for consultation, including SWISCo and TDA.

5.2 Following approval by Cabinet in September 2021, the Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2027 was published alongside the Budget for consultation externally. The consultation period was 17th January 2022 – 8th February 2022. Four responses were received all agreeing or strongly agreeing to the principles set out in the Asset Management Strategy. No responses disagreed with the principles proposed.

6. Purchasing or Hiring of Goods and/or Services

6.1 Not applicable.

7. Tackling Climate Change

7.1 One of the clear principles by which the Council will manage its land and buildings and guide future decision making is working towards creating a carbon neutral estate by 2030.

7.2 This will be achieved by developing actions through the Carbon Neutral Council Action Plan (ready for delivery in 2022) to understand how the Council's operational estate will transition towards carbon neutral for 2030. Other initiatives will also include a review of Council assets in relation to climate change and environmental implications, improving EPC ratings across the leased estate in line with government and our own carbon neutral targets.

8. Associated Risks

8.1 The adoption of the Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2027 is fundamental in ensuring the Council is a leading public sector organisation for property asset management. The principles set out in the Asset Management Strategy 2022 ~ 2027 will ensure the Council can deliver an effective and efficient service that will also allow us to manage, maintain and develop the Council's estate following a robust and clear framework.

8.2 The absence of an up-to-date Asset Management Plan leads to decisions being made on an individual and reactive basis with little or no strategic guidance being considered.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	Adoption of SAMP is likely to have a positive impact on locality.		

People with caring Responsibilities	Adoption of SAMP is likely to have a positive impact on locality.		
People with a disability	Adoption of SAMP is likely to have a positive impact on locality.		
Women or men			There is no differential impact.
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			There is no differential impact.
Religion or belief (including lack of belief)			There is no differential impact.
People who are lesbian, gay or bisexual			There is no differential impact.
People who are transgendered			There is no differential impact.
People who are in a marriage or civil partnership			There is no differential impact.
Women who are pregnant / on maternity leave			There is no differential impact.
Socio-economic impacts (Including impact on child poverty issues and deprivation)	Adoption of SAMP is likely to have a positive impact on locality.		
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Adoption of SAMP is likely to have a positive impact on locality.		

10. Cumulative Council Impact

10.1 None.

11. Cumulative Community Impacts

11.1 None.

Asset Management Framework Introduction

TORBAY.GOV.UK

Agenda Item 14
Appendix 2

Torbay Council Asset Management Framework Introduction

Introduction

The Torbay Council Strategic Asset Management Framework sets out the Council's approach to the strategic management of its assets, how it will support service delivery, provide the Council with income and how it will fulfil its mission to support, enable and empower its residents, our communities and our partnerships, promote growth and place shaping within Torbay and deliver Torbay Community and Corporate Plan 2019- 2023 One Torbay: Working for all.

To support this Torbay Council will adopt an Asset Management Framework which comprises of two separate documents:

- **An Asset Management Strategy 2022 - 2027**
- **An Asset Management Policy 2022 - 2027**

The advantage of adopting such a framework is that many areas relating to the Council's approach to its land and property assets is likely to remain constant for several years. However, by adopting two separate elements will allow for each to be reviewed at different times. The Asset Management Strategy 2022 – 2027 will establish clear principles by which the Council will manage its land and buildings. It will remain in place for the next 5 years but can be reviewed more frequently to ensure it is still relevant to what it is trying to achieve. The Asset Management Strategy will be approved by Full Council.

The Asset Management Policy 2022 -2027 provides an overview of the Council's land and property estate, together with the main priorities for managing and developing that estate over the next five years. The Policy will set out how the Council will implement the identified principles as described in the Strategy. It will be reviewed and amended, every 3 years to ensure the estate fully supports the Torbay Council Community and Corporate Plan 2019- 2023, by contributing to the key objectives for property asset management. The Asset Management Policy will be approved by Cabinet.

Sitting outside of the framework will be the Asset Management Operational Delivery Plan which further describes the specific activities to achieve the objectives of the Asset Management Policy 2022 ~ 2027. The Operational Delivery Plan will be categorised under two thematic headings of Strategic and Operational Actions.

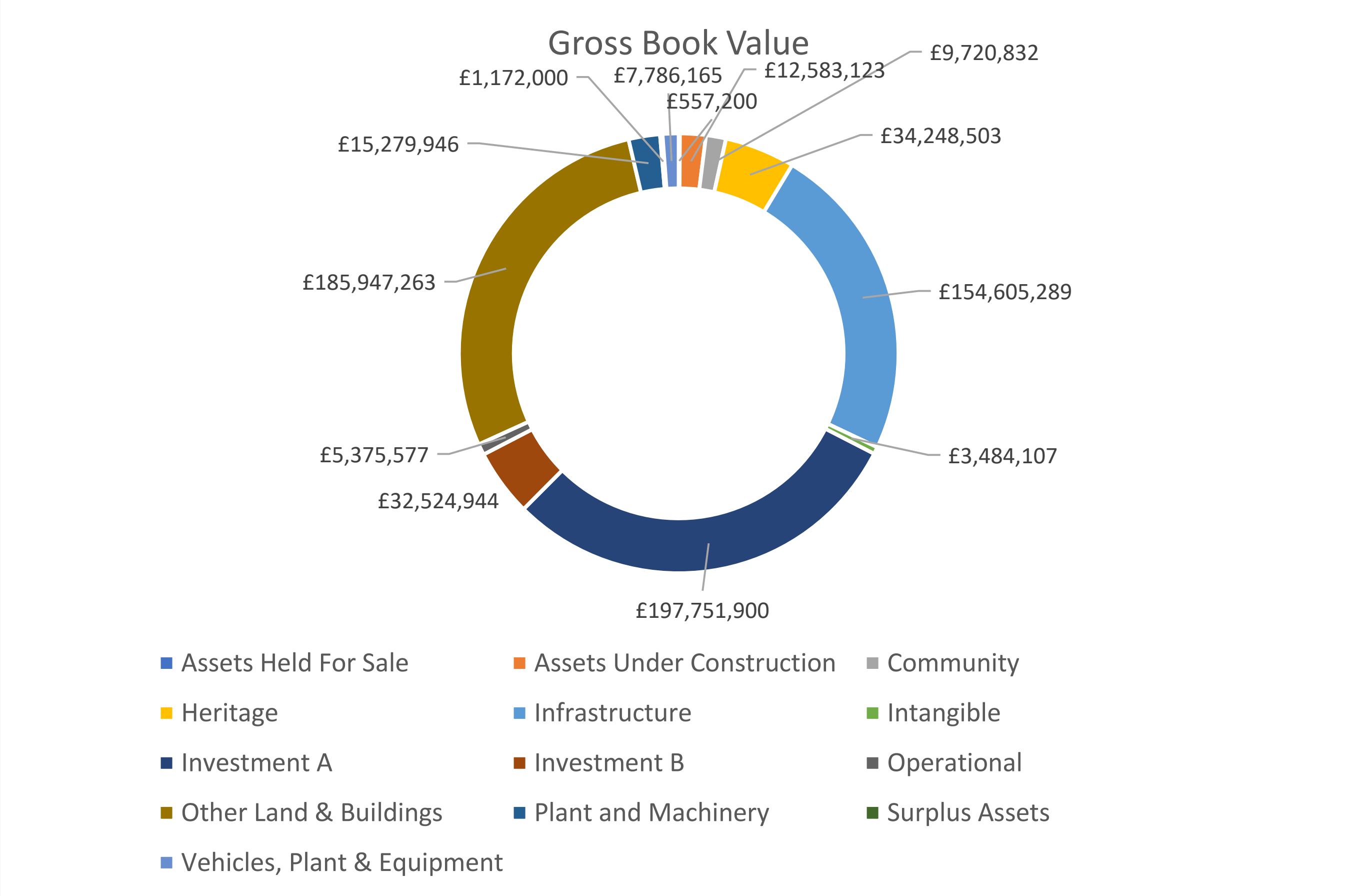
The Operational Delivery Plan will be populated and approved by Torbay Council's Director of Place. The Operational Delivery Plan will be reviewed and monitored regularly by the relevant Portfolio Holder and Cabinet where necessary. It will continually change to reflect achievements of actions and capture new priorities and initiatives as they are identified. Consequently, the Operational Delivery Plan will not be a policy document.

It is intended that Torbay Council's Strategic Asset Management Framework will define the principles, criteria and processes through which decisions will be made regarding the use of Council assets.

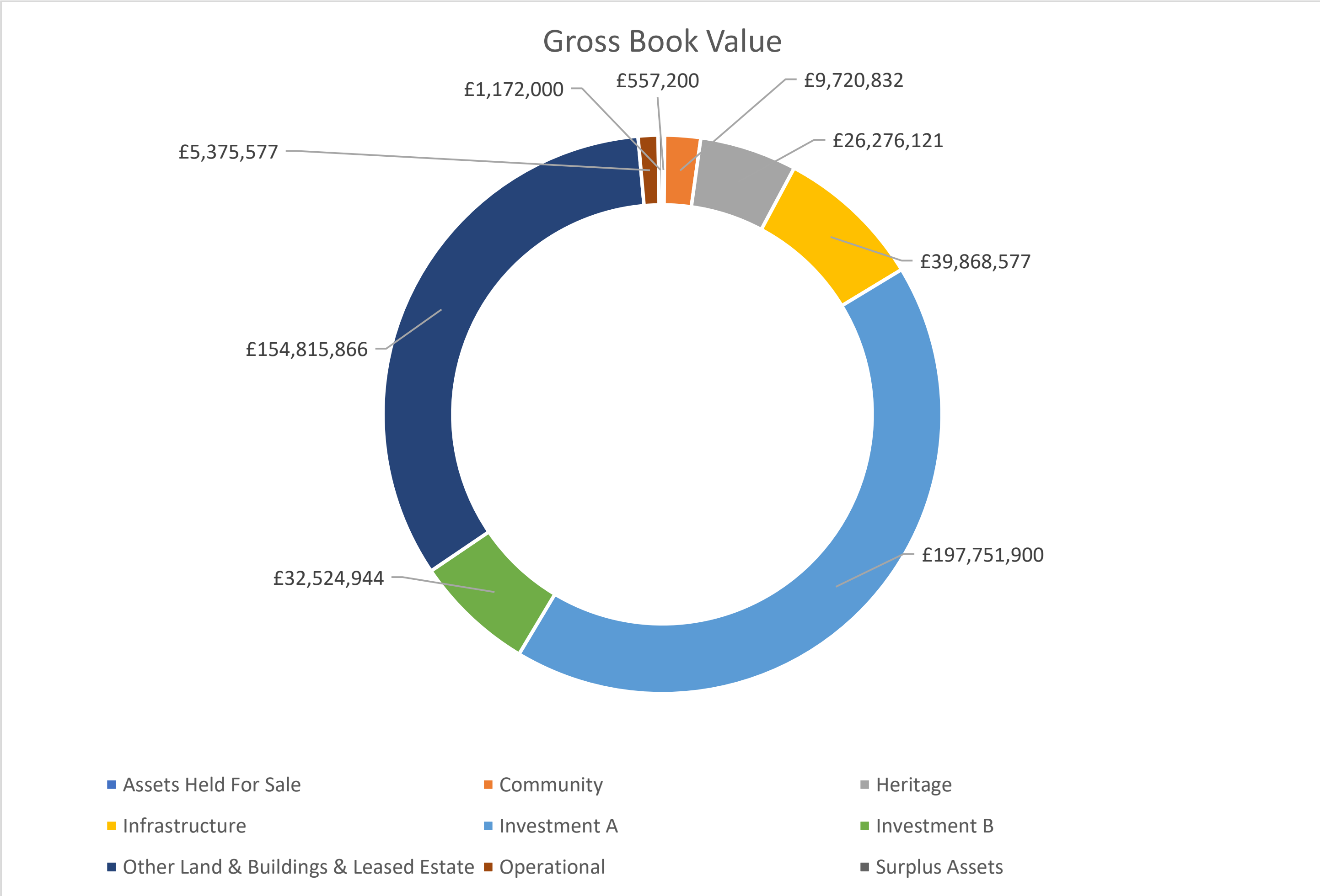
The adoption of the Asset Management Strategy 2022 - 2027 and Asset Management Policy 2022 - 2027 will supersede the Corporate Asset Management Plan (2015-2019).

Context

As of April 2021, the Council owns assets with a Gross Book Value of c.£661m. The assets comprise of a range of schedules, including land and buildings, investment assets, operational properties, those held for sale or under construction, intangible assets, infrastructure, plant and machinery, heritage and community assets. These assets are located both inside and outside of Torbay.



The Council's land and buildings equate to over 70% of the Gross Book Value, totalling £468m. The asset base comprises a total of 1,803 assets and is divided across different schedules as seen below:



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The operational estate comprises of 20 assets and the remaining non-operational assets include the let estate, community and heritage assets, the investment portfolio, assets under construction, surplus assets or assets managed externally (such as land and buildings managed by the Torbay Coast & Countryside Trust (TCCT)) and education assets under the control of school academies. The majority of the assets are owned freehold.

Key Drivers for Change

The stated ambition in the Torbay Community and Corporate Plan 2019 ~ 2023 One Torbay: Working for all, is for Torbay and its residents to thrive. A place where we have enabled the tide on poverty to be turned and tackled inequalities, where our children and older people will have high aspirations with a university in the Bay and where there are quality jobs, good pay and quality housing for our residents and a place where we address the climate change emergency. We want Torbay to be a premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy. Importantly we want to be a Council that supports and enables its residents, we want to be recognised as an enabling council, a council that our residents can be proud of.

The Strategic Asset Management Plan will form part of a suite of key strategic documents for the Council's vision for the built environment which have been developed in consultation with the community. These include:

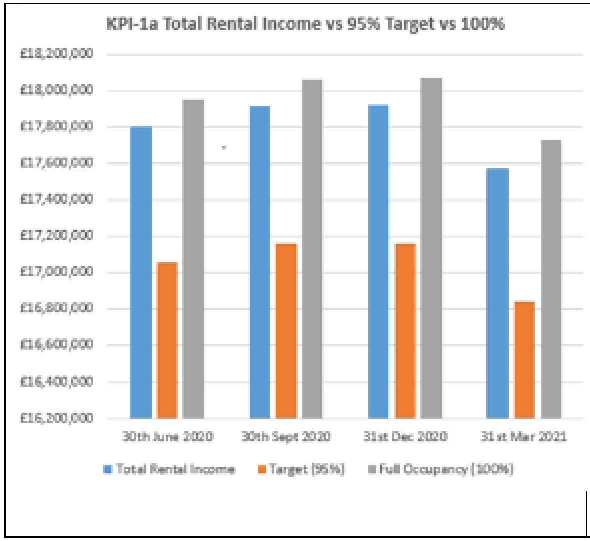
- Torbay Community and Corporate Plan 2019- 2023 One Torbay: Working for all
- Economic Recovery Plan – Respond, Recover, Reposition
- Torbay Local Plan 2012 – 2030
- Torbay Heritage Strategy 2021 to 2026 Part 1
- Torbay Housing Strategy 2020 - 2025
- Tor Bay Harbour - Port Masterplan
- Energy and Climate Change Strategy
- Torbay Local Development Scheme 2017
- Torbay Council Highway Asset Management Strategy (Emerging)
- Paignton Neighbourhood Plan
- Torquay Neighbourhood Plan

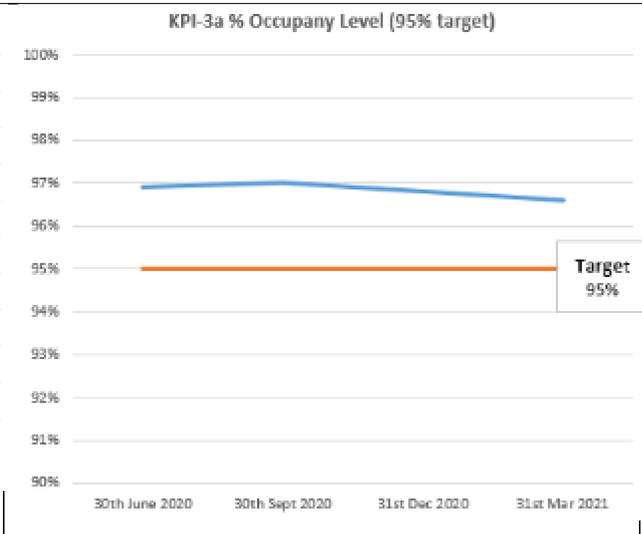
- [Brixham Peninsula Neighbourhood Plan]

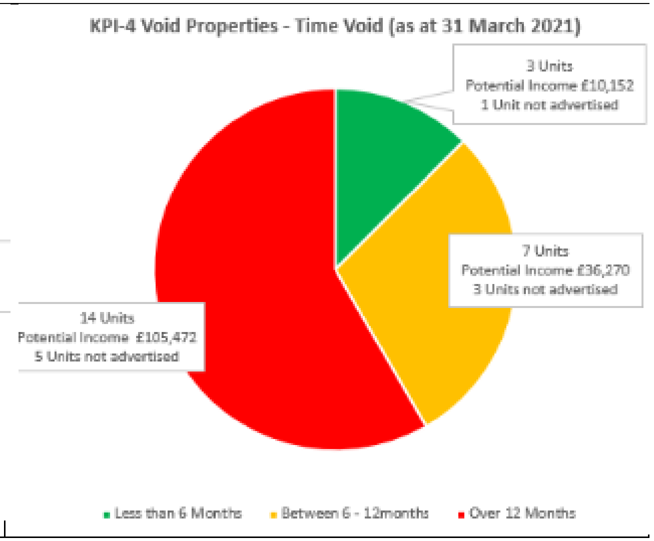
It will focus on the places where people live and work, maximising opportunities for housing, inward investment and infrastructure that delivers high quality design in our buildings and public realm that increases resilience. It will allow for flexibility and growth in the local economy, ensuring any new development contributes positively to community amenities and infrastructure. The Highway network is one of the Council's biggest asset responsibilities outside of the land and property portfolio. The Council's emerging Highway Asset Management Strategy should be embedded with this document and contribute to the overall strategic approach to the management of the Council's assets.

The Council's land & property portfolio generates a significant revenue for the authority. As of 31st March 2021, it was producing an annual rental income of c.£17.5m and achieving a 96.5% occupancy level. The performance and management of the Council's asset portfolio is a commissioned service undertaken by TDA; a company wholly owned by Torbay Council.

Land & Property Headlines – 31st March 2021







Conclusion

This introduction sets out the Asset Management Framework and how it links together the Asset Management Strategy 2022 – 2027 and the Asset Management Policy 2022 - 2027. The Strategic Asset Management Framework outlines the key strategic objectives for Torbay Council's land and buildings over the next five years.

Sitting outside of the Asset Management Framework is the Asset Management Operational Delivery Plan, which further describes the specific activities to achieve these objectives, categorised under two thematic headings of Strategic and Operational Actions. The Operational Delivery Plan will be populated and approved by Torbay Council's Director of Place.

The Operational Delivery Plan will be reviewed and monitored regularly by the relevant Portfolio Holder and Cabinet, where necessary. It will continually change to reflect achievements of actions and capture new priorities and initiatives as they are identified. Consequently, the Asset Management Action Plan will not be a policy document.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Asset Management Strategy
2022 - 2027

Agenda Item 14
Appendix 3

Asset Management Strategy 2022 - 27

The Torbay Council Strategic Asset Management Plan sets out the Council's approach to the strategic management of its assets, how it will support service delivery, provide the Council with income and how it will fulfil its mission to support, enable and empower its residents, our communities and our partnerships, promote growth and place shaping within Torbay and deliver Torbay Community and Corporate Plan 2019- 2023 One Torbay: Working for all.

To support this Torbay Council will adopt a new Asset Management Framework which comprises of two separate elements:

- **An Asset Management Strategy 2022 - 2027**
- An Asset Management Policy 2022 - 2027

The advantage of adopting such a framework is that many areas relating to the Council's approach to its land and property assets is likely to remain constant for several years. However, by adopting two separate elements will allow for each to be reviewed at different times. The **Asset Management Strategy 2022 - 27** will establish clear principles by which the Council will manage its land and buildings. It will remain in place for the next 5 years but can be reviewed more frequently to ensure it is still relevant to what it is trying to achieve. The Asset Management Strategy will be approved by Full Council.

The Asset Management Policy 2022 – 27 provides an overview of the Council's land and property estate, together with the main priorities for managing and developing that estate over the next five years. The Policy will set out how the Council will implement the identified principles as described in the Strategy. It will be reviewed and amended, every 3 years to ensure the estate fully supports the Torbay Council Community and Corporate Plan 2019- 2023, by contributing to the key objectives for property asset management. The Asset Management Policy will be approved by Cabinet.

Sitting outside of the framework will be an Asset Management Operational Delivery Plan which further describes the specific activities to achieve the objectives of the Asset Management Policy 2022 ~ 2027. The Operational Delivery Plan will be categorised under two thematic headings of Strategic and Operational Actions.

The Operational Delivery Plan will be populated and approved by Torbay Council's Director of Place. The Operational Delivery Plan will be reviewed and monitored regularly by the relevant Portfolio Holder and Cabinet where necessary. It will continually change to reflect achievements of actions and capture new priorities and initiatives as they are identified. Consequently, the Operational Delivery Plan will not be a policy document.

It is intended that Torbay Council's Strategic Asset Management Framework will define the principles, criteria and processes through which decisions will be made regarding the use of Council assets.

The adoption of the Asset Management Strategy 2022 - 2027 and Asset Management Policy 2022 - 2027 will supersede the Corporate Asset Management Plan (2015-2019).


LIBRARY & INFORMATION CENTRE

Asset Management Strategy

The aim of the Asset Management Strategy is to establish clear principles by which the Council will manage its land and buildings. It will remain in place for the next 5 years but will be reviewed regularly to ensure it is still relevant to what it is trying to achieve. This Strategy identifies seven principles that set out the Council's approach to asset management and guide future decision making through processes that will enable delivery at pace.

Principle 1

- Embed a Corporate Landlord model, that will assist in the consolidation of the estate, based on service requirements.

Principle 2

- Consolidate operational assets to decrease the number of single-use assets, reduce revenue costs and create multi-functional property, which is fit for purpose, in the right place and supporting service improvement.

Principle 3

- Work towards creating a carbon neutral estate by 2030.

Principle 4

- Rationalise the estate by reviewing all non-operational and surplus assets to identify opportunities to create or increase revenue income, provide investment opportunities or deliver capital receipts to stimulate development and growth.

Principle 5

- Use our land and buildings to support the provision of new homes, encourage development and growth, supporting local business needs and encouraging new business to Torbay.

Principle 6

- Develop a robust asset management plan to invest properly in all retained assets, to ensure they are fit for the future in supporting excellent service delivery.

Principle 7

- To work collaboratively and promote joint working between Torbay Council, Brixham Town Council, Health and blue light authorities and other Voluntary, Community and Faith Sector organisations to identify wider opportunities to benefit the community.

Our Objective

Our objective is to be one of the leading public sector organisations for property asset management and development. To achieve this, we will adopt the seven principles set out above. The principles describe the Council's commitment to property asset management and will ensure we deliver an effective and efficient service that will allow us to manage, maintain and develop our property and land portfolio.

To assist in applying the principles identified in the Asset Management Strategy each asset is categorised, by property type, into one of seven identified asset groups. The reasons for holding these assets will vary and as a result, we may need to measure performance, and treat those assets in different ways. The seven asset groups are as follows:

Community, Heritage, Infrastructure, Investment, Leased Estate, Other Land & Buildings, Operational and Surplus.

A detailed definition for each of the asset groups is found in Asset Management Policy 2022 - 2027.

Applying the Principles

Embed a Corporate Landlord model, that will assist in the consolidation of the estate, based on service area requirements.

- Provide a clear decision-making process and challenge on all property matters
- Ensure our estate is integrated with other resources in a clear decision-making framework
- Ensure costs are minimised through economies of scale and use or return from assets is maximised
- Make certain service areas are adequately accommodated with an appropriate operational estate if required
- Assets are maintained and managed in accordance with corporate strategic priorities and relevant property and health & safety legislation

Consolidate operational assets to decrease the number of single-use assets, reduce revenue costs and create multi-functional property, which is fit for purpose, in the right place and supporting service improvement.

- Ensure retained property is suitable and sufficient for service delivery
- Ensure retained property is flexible, agile and able to respond to future need, whether cultural or behavioural
- Work with service areas and partners to understand longer term requirements
- Engage with community groups and stakeholders to identify improved service delivery options
- Ensure retained assets are secure, safe, and meet all statutory requirements

Work towards creating a carbon neutral estate by 2030.

- Develop actions through the Carbon Neutral Council Action Plan (ready for delivery in 2022) to understand how our operational estate will move towards carbon neutrality by 2030.
- Ensure that asset management remains high on the agenda for the Council's Carbon Neutral Officers' Group chaired by Divisional Director - Planning, Housing & Climate Emergency
- Aim to reduce energy and water consumption and CO_2 emissions, through the active management of the estate and by minimising energy and water use, using low carbon heat and renewable power where appropriate and in line with the ever-tightening net zero national policy.
- Develop projects so the Council is in a position to obtain funding to support the decarbonisation of our estate.
- Review Council assets in relation to climate change and environmental implications, improving EPC ratings across the leased estate in line with government and our own carbon neutral targets.
- As soon as possible, establish robust energy and water consumption data for the Council's operational estate to contribute to the Council's carbon footprint.
- Adopt Green lease provisions and engage existing tenants, particularly those located close to our coastline regarding their waste disposal.

Rationalise the estate by reviewing all non-operational and surplus assets to identify opportunities to create or increase revenue income, provide investment opportunities or deliver capital receipts to stimulate development and growth.

- We will challenge the current use of assets and identify underutilised space to maximise commercial activities
- Look to allocate funds to projects that will achieve the maximum positive impact
- We will seek efficiencies in occupation and utilisation
- Identify opportunities for direct investment in existing assets to enhance income
- Identify and create a disposal programme of under-performing assets i.e., low return, non-strategic assets which do not enhance the Council's ability to provide outstanding services or meet wider strategic objectives

Use our land and buildings to support the delivery of new homes, encourage development and growth, supporting local business needs and encouraging new business to Torbay.

- Work with TDA to use our estate to stimulate and support regeneration and inward investment
- Work to identify suitable sites that will help deliver sustainable, affordable, and suitable housing
- Continue to utilise the Growth Fund for investment to create local employment and training opportunities
- Manage the Council's Investment Portfolio and Let Estate effectively, balancing regeneration needs, job creation and income generation
- Continue to access funding opportunities to promote and encourage the improvement in the physical environment of our three town centres

Develop a robust asset management plan to invest properly in all corporate assets, to ensure they are fit for the future in supporting excellent service delivery.

- Challenge the cost of property activities to drive performance
- Work with Climate Emergency Officers to ensure our properties are as sustainable as possible in their design, construction, operation and maintenance and aligned to meeting the carbon neutral target
- Reduce energy and water consumption and reduce carbon emissions wherever possible

- Undertake a whole building life cycle costing exercise for each corporate asset to understand the maintenance of a property over its lifetime to understand the long-term costs of projects not just the initial capital costs
- Look to reduce the back log maintenance of the corporate estate with targeting of funds against the highest priorities
- Review asset related feasibility and options appraisals across all service departments once their business models/plans are finalised.

To work collaboratively and promote joint working between Torbay Council, Brixham Town Council, Health and blue light authorities and other Voluntary, Community and Faith Sector organisations to identify wider opportunities to benefit the community within the context of asset strategy and planning.

- Work with other agencies to promote co-location and joint service delivery.
- Work to support the ongoing integration of health and social care.
- Continue partnership working through the government's One Public Estate programme, to explore options for improved service delivery for public sector bodies in Torbay and across South Devon.
- Encourage the use of assets by the Voluntary, Community and Faith Sectors through Community Asset Transfer opportunities.

Where appropriate the Council will adopt and embed the Corporate Landlord model to drive asset related decision making. Based on prepared service property strategies for the coming 3-5 years, decisions will be made on the viability and feasibility of sites guided by the above principles, and using the process and criteria set out in the Asset Management Policy 2022 - 27.

Conclusion and Our Forward Plan

This document covers one element of the new Asset Management Framework - (1) the **Asset Management Strategy** 2022 -27 and should be read alongside (2) the Asset Management Policy 2022 - 27. Together these make up the Strategic Asset Management Framework. The Strategic Asset Management Framework outlines the key strategic objectives for Torbay Council's land and buildings over the next five years.

Sitting outside of the framework will be the Asset Management Operational Delivery Plan which further describes the specific activities to achieve the objectives of the Asset Management Policy 2022 ~ 2027. The Operational Delivery Plan will be categorised under two thematic headings of Strategic and Operational Actions.

The Operational Delivery Plan will be populated and approved by Torbay Council's Director of Place. The Operational Delivery Plan will be reviewed and monitored regularly by the relevant Portfolio Holder and Cabinet where necessary. It will continually change to reflect achievements of actions and capture new priorities and initiatives as they are identified. Consequently, the Operational Delivery Plan will not be a policy document.

It is intended that Torbay Council's Asset Management Framework will define the principles, criteria and processes through which decisions will be made regarding the use of Council assets.

Asset Management Policy

2022 - 2027

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Agenda Item 14
Appendix 4

Asset Management Policy 2022 - 2027

The Torbay Council Strategic Asset Management Plan sets out the Council's approach to the strategic management of its assets, how it will support service delivery, provide the Council with income and how it will fulfil its mission to support, enable and empower its residents, our communities, and our partnerships, promote growth and place shaping within Torbay and deliver Torbay Community and Corporate Plan 2019- 2023 One Torbay: Working for all.

To support this Torbay Council will adopt a new Asset Management Framework which comprises of two separate elements:

- An Asset Management Strategy 2022 - 2027
- **An Asset Management Policy 2022 - 2027**

The advantage of adopting such a framework is that many areas relating to the Council's approach to its land and property assets is likely to remain constant for several years. However, by adopting two separate elements will allow for each to be reviewed at different times. The Asset Management Strategy 2022 – 2027 will establish clear principles by which the Council will manage its land and buildings. It will remain in place for the next 5 years but can be reviewed more frequently to ensure it is still relevant to what it is trying to achieve. The Asset Management Strategy will be approved by Full Council.

The **Asset Management Policy 2022 - 2027** provides an overview of the Council's Land and property estate, together with the main priorities for managing and developing that estate over the next five years. The Policy will set out how the Council will implement the identified principles as described in the Strategy. The Policy will be reviewed and amended, on a three yearly cycle to ensure the estate fully supports the Torbay Council Community and Corporate Plan 2019- 2023, by contributing to the key objectives for property asset management. The Asset Management Policy will be approved by Cabinet.

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Asset Management Policy

The Asset Management Policy 2022 – 2027 provides an overview of the Council's Land and property estate, together with the main priorities for managing and developing that estate over the next five years.

The Policy will be reviewed on a 3 yearly cycle to ensure the estate fully supports the Torbay Council Community and Corporate Plan 2019- 2023, by contributing to the key objectives for property asset management.

Land & Buildings

Torbay Council's property portfolio comprises of over 1,800 land and building assets, with a total gross book value of £468million, as of 31st March 2021. The total annual rental income generated from the estate is c. £17.3m, with a further c.£3m pa generated through service area concessions, fees, and charges. There are a wide range of assets within the corporate estate, which includes the Council's investment portfolio, offices, car parks, depots, schools, and assets leased to community organisations. The book value is not necessarily the exact amount that could be realised if all the assets were sold, but it does demonstrate the extent of the Council's land and buildings and why they need to be carefully managed.

The assets help deliver a mixture of front-line services and indirect service provision. Many of the assets are legacies from donations, local government reorganisations and previous acquisitions. The Council has undertaken a significant rationalisation exercise of its estate over the last 10 years resulting in the size of the operational estate particularly being reduced. However, the ongoing careful management and continuous review of assets is imperative to avoid the possibility of money being wasted by retaining assets that are past their useful life. Equally, an asset beyond its useful life will still retain a value, whether this is financial or social. Consequently, if these assets are surplus, the Council should look to dispose and release the value so the capital can be re-invested elsewhere.

Following the COVID-19 pandemic, there will be changes to the way the Council works and some services will inevitably be delivered differently. As a result, some properties will need to change as we move forward over the next 3 to 5 years. We may need to invest further in our existing buildings or provide some new buildings to deliver services that are fit for a new way of working. The Council equally needs to consider measures to be taken in relation to minimising energy and water use to meet its carbon neutral 2030 targets.

To assist in this process the Council will, where appropriate, adopt the Corporate Landlord model. This will maximise value for money and make the most efficient use of our property assets, ensuring capital works, both reactive and planned with particular attention to backlog maintenance which at the 31st March 2021 was c.£23.6m is prioritised appropriately. We will obtain up to date condition data and align this information with operational priorities.

Back Log Maintenance

Torbay Council has a significant and serious issue regarding the disrepair of assets in common with many other local authorities. As at the 31st March 2021 backlog repairs totals £23.6 million (excluding schools and leased out assets where Torbay Council have no responsibility for repairs and maintenance) have currently been identified of which almost £8.3 million (excluding schools and leased out assets where Torbay Council have no responsibility for repairs and maintenance) are categorised as Priority 1 & 2. The backlog will not be eradicated without additional funding and resources.

> Priority 1. Urgent work that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.
>
> Priority 2. Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a less serious breach of legislation.

We will also adopt an Asset Challenge process which ensures a robust approach is undertaken providing confidence that any decision regarding future use of a property provides the best and most appropriate output.

This Asset Management Policy will ensure that each asset is categorised, by property type, into one of seven asset groups. The reasons for holding these assets will vary and as a result, we may need to measure performance in different ways. Nevertheless, the performance of each asset and each group must therefore be linked to the strategic purpose for holding it.

Set out below is the definition for each of the asset groups:

Community Assets

Community assets are those land and buildings the Council intends to hold in perpetuity which can promote social inclusion and improve the health and well-being of citizens. This includes public open spaces, memorials, parks, shelters,

sports pitches and public toilets. The assets which are often legacies from donations, will have no determinable useful life and which may, in addition, have restrictions on their disposal. This group of assets is nevertheless a significant proportion of the asset base with 670 assets and a gross book value of £9.7m. There is a significant ongoing maintenance liability with community assets.

Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental, or historical associations/significance. The Council has 43 heritage assets, including for example Torre Abbey and Torquay Pavilion which are held by the Council in pursuit of its overall objectives in relation to the maintenance of our heritage and culture.

Heritage assets can include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders, and decorations (medals), museum and gallery collections and works of art. This asset schedule has a gross book value of £26.2m.

Infrastructure Assets

Infrastructure assets are long lasting tangible assets that add value and are an integral part of land and buildings. These assets tend to be part of a larger component or system for example linked to transport, communication, water, sewage, bridges, and sea defences and need to be maintained to ensure functionality in the delivery of effective and efficient delivery of services. A significant proportion of the 102 infrastructure assets relate to the harbour estate. The gross book value of this schedule is £39.8m.

Investment Assets

Investment assets are those assets held by the Council solely for the purpose to earn rental income or for capital appreciation or both. The Council's investment portfolio is divided into two groups of assets.

Portfolio A – is the schedule of 20 investment assets that have been purchased via the Investment Fund since 2018. These assets have been purchased through borrowing from the Public Works Loan Board. Any future disposal of Portfolio A assets will be subject to the criteria as defined within the borrowing agreements.

Portfolio A	Total Gross Book Value 31/3/2021 = £197.8m	Rental Income at 31/3/2021 Per Annum
Hotel	1	£313,000
Industrial	5	£5,213,000
Leisure	1	£591,000
Office	4	£3,638,000
Retail	9	£2,628,000
TOTAL	**20**	**£12,383,000**

Portfolio B – is a schedule of assets where the rental income for each asset exceeds £20,000 pa and formed part of the Council's original let estate, prior to 2018. This schedule comprises of 24 assets with a gross book value of £32.5m. The assets comprise a range of property types including for example a golf course, caravan site, leisure facilities, restaurants, and cafes. As at the 31st March 2021 they produce an annual rental income of £2,322,000.

Investment assets are primarily to be retained in the long term. However, the benefit of selling the assets will be regularly reviewed by Director of Place in consultation with the TDA for potential disposal at which point any outstanding debt will be repaid. The review will always be considered alongside 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.

Leased Estate, other Land & Buildings

The Leased Estate includes those remaining assets that generate an income but are not captured in the Investment portfolios and totals c.890 assets with a gross book value of £154m. These assets have in the past been used to perform functions / services directly by the Authority but are now let to third parties to perform for example, beach / park cafes. Other land and buildings include a plethora of other leases and licences, such as small pieces of fringe and highway verge land, substation sites and other low value assets. The rental income is nevertheless substantial equating to £4.6m pa.

Operational Assets

Operational assets are those assets used to deliver front line services and the daily operation of the business for Torbay Council. This comprises of 20 assets with a gross book value of £5.3m and includes corporate office accommodation and service buildings. (Operational assets used to deliver the Council's harbour authority function are included in the Infrastructure Assets group).

Surplus Assets

Surplus assets are those assets that have been declared surplus to the Council's operational requirements. Often the assets are close to or beyond useful economic life. These assets should be open for disposal or consideration for a community asset transfer.

TDA will produce an annual Estate Dashboard recording the overall performance of the property portfolio:

Torbay Council Estates Dashboard – 31st March 2021

Council Finances

Torbay Council like many other Councils has experienced significant funding reductions over the last 5 years. Torbay Council has seen a reduction in its Revenue Support Grant from £27m in 2015/16 to £6m by 2019/20. It is still uncertain what the Council's funding will be in future years. Despite these financial challenges Torbay Council is committed to supporting growth and investment through its Capital Programme and will look to intervene where the market is failing. The Council continues to deliver its Investment and Regeneration Strategy, which is generating revenue income, as well as enhancing, and supporting the economic performance of Torbay.

The Council has a range of capital resources at its disposal, which it uses to deliver services and to achieve its strategic objectives. The Council's ability to maintain these assets 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. Consequently, planning and managing the use of the Council's capital resources is vital.

The Council adopts a range of policy documents in providing a long/medium term plan. The Asset Management Strategy 2022 – 2027 and Asset Management Policy 2022 – 2026 needs to be consistent with the plans and strategies identified by the Council which includes:

- The Medium-Term Financial Plan
- The Capital Plan & Strategy
- The Annual Revenue Budget
- The Treasury Management Strategy
- The Investment and Regeneration Fund Strategy

Inevitably the full picture of the control system around the Council's wide range of capital expenditure and its funding is reflected in these documents, which includes monitoring and management arrangements.

The Council’s assets must also be worked harder to be able to contribute to the overall corporate and service objectives for example, the proposal to redevelop the old toilet blocks at Preston and Corbyn Head, the Old Toll House, Torquay and the Terrace/Harbour Car Park, Torquay.

Current and recently completed Capital Projects include:

- **Fleet Walk Shopping Centre, Torquay** – Using its Economic Growth Fund, Torbay Council purchased this asset in November 2019, as part of its plans to regenerate Torbay’s town centres.

- **EPIC White Rock, Paignton** – An £8m Electronics and Photonics Innovation Centre (EPIC) opened in summer 2019 supporting tech innovation and promoting collaborative activities in an excellence cluster between businesses and research institutions. This building has now been leased on a long leasehold basis to TDA. The asset is currently 65% let and ahead of TDA business plan for the centre.

- **Harbour Light Redevelopment, Paignton Harbour** – A new bar and dining venue overlooking Paignton Harbour, opened in February 2020 after St Austell Brewery's investment. The project was a product of the Council's Port Masterplan and promoted by the Tor Bay Harbour Committee.

- **Oxen Cove Jetty, Brixham** - A £2.5m project jointly funded by Torbay Council and the European Maritime Fisheries Fund to provide additional landing capacity to support the fishing industry by easing demand at peak time and streamlining the logistics of distribution at Brixham Fish Market.

Asset Challenge

Due to the ongoing financial challenges facing the Authority and the further future reductions in Revenue Support Grants (RSG), unless there is specific approval at Full Council to the contrary, the Council will always seek to maximise revenue streams and the full market receipt whether by way of freehold disposal or leasehold interest from assets classified as Investments, Leased Estate, other Land & Buildings. Disposal of other asset groups whether by way of freehold disposal or leasehold interest will be considered alongside community aspirations and due regard will be given to the purpose of ownership, including the operation of Council services.

It is intended that all assets that are assessed as surplus and / or not required for operational purposes should be reviewed through the Asset Challenge process. This provides confidence that any decision regarding future use of a property provides the best and most appropriate output. It should be noted that best value in terms of a capital receipt is not always the right outcome, and the Council needs a mix of revenue, capital and place shaping outputs.

The process of decision making on future asset usage, project delivery and the disposal of sites shall be determined in two parts:

Part 1 – the Corporate Assessment:

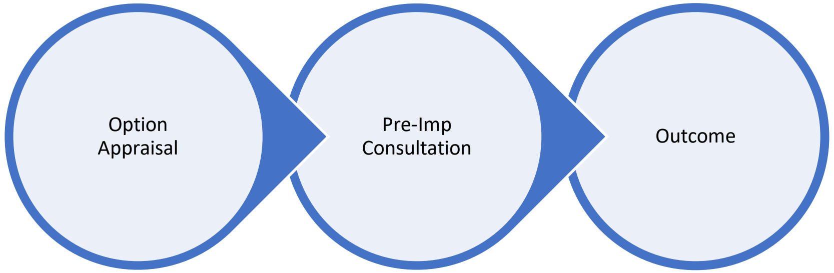
1. Strategic Purpose - This part of the process determines whether an asset has an identified use and purpose which enables service delivery in line with corporate and service strategies. For example, where there is an identified need within a specified location by multiple services, these are co-located within a multi-functional hub therefore enabling asset consolidation and reduction in running costs. Additionally, this could be identifying assets which could support service delivery, for example, extra-care sheltered housing that reduces expenditure on high-cost care, but also delivers important outcomes to residents.

2. Opportunities and Risk – The second part of this assessment is understanding if there are any opportunities that could be exploited. Do we fully understand the cost and condition of a building or asset; is this a low performing/high-cost asset in poor condition that is not fit for purpose, and requires significant investment? If so, it may not be an asset to retain.

3. Performance Appraisal - The Council also needs to understand what financial and non-financial outcomes are being delivered and can they be quantified. Understanding the management costs are equally important. Assets may be retained where there is a clearly defined, future strategic purpose, which has a value and can be delivered within an agreed timeframe. Cost/benefit analysis of investment, to make the asset fit for purpose, with an appropriate payback period, relevant to length of future use.

The Asset Challenge process sets out the stages of this assessment, and what happens in each case. If the asset is not suitable or not needed for either purpose, it moves to Part 2.

Part 2 – the Option Appraisal:



4. Option Appraisal - This part of the process focusses on the use of the asset beyond service or operational requirements. This is a balance of performance, opportunities and risks. This might include a site that could be disposed of for a capital receipt; redeveloped for revenue income generation or held for future strategic use to maximise output or benefit. The primary process is a formal options appraisal which considers potential future uses of the site. The options appraisal will identify the preferred option and how this best aligns with the Council's Community and Corporate Plan.

5. Pre – Implementation Consultation - Partnership working and shared development where opportunities will deliver quantifiable benefits. There will be a need to engage with both internal and external stakeholders and partners. A key factor is whether an asset supports economic growth and improves on the 'place'.

6. **Outcome** - The outcome of the assessment will decide whether an asset is retained, remodelled & re-used or disposed through the open market or by way of a community asset transfer.

Future Ways of Working

Future Ways of Working is the Council's forward-looking programme, forming part of the overarching transformation programme, building on the work of the previous Office Rationalisation Programme. Fundamental to the success of the programme is not making snap decisions about individual assets, without a holistic view being taken. An example of this would be the future of Paignton Library, the Council's only forward-facing asset in Paignton.

The outbreak of the Coronavirus - COVID 19 demonstrated the resilience introduced throughout the Council's workforce with the transition of hundreds of employees to home working for a sustained period. Enabled by a conscious shift to align roles to workstyles that allow a high degree of agility, supported by ICT equipment and infrastructure and relevant policies and procedures to support a new way of working.

The key drivers for the new programme will be developed in greater detail over the next 12 months. The programme will enable more efficient home and team-working, working more flexibly within our buildings and homes, through promotion of agile working, and providing modern fit-for-purpose workplaces, supplemented with the correct tools for greater home-based working, where appropriate. Closing or repurposing buildings and space within those buildings will naturally follow as we build up intelligence of our future needs.

- Addressing the essential maintenance needs of our remaining buildings, with particular attention to backlog maintenance, ensuring sufficient resources are in place to maintain the portfolio including mechanical and electrical (M&E) systems and prolonging their operational lifespan, addressing critical structural issues.
- Complying with regulations - ensuring that actions are taken to ensure that buildings are compliant with statutory obligations for example in respect of Fire, Legionella and Asbestos.
- Optimising income - protecting existing income streams from assets and investing in buildings where additional income can be generated.
- Using less energy - improving energy efficiency in our offices and other buildings and reducing running costs.

- One Public Estate - county wide collaboration on asset management to enable Public Sector providers to collaborate on strategic planning and management of their land and buildings as a collective resource.
- Serving our customers more efficiently - focusing on what our customers want and need, using better accessible and inclusive facilities to serve them.

Climate Change: De-carbonisation

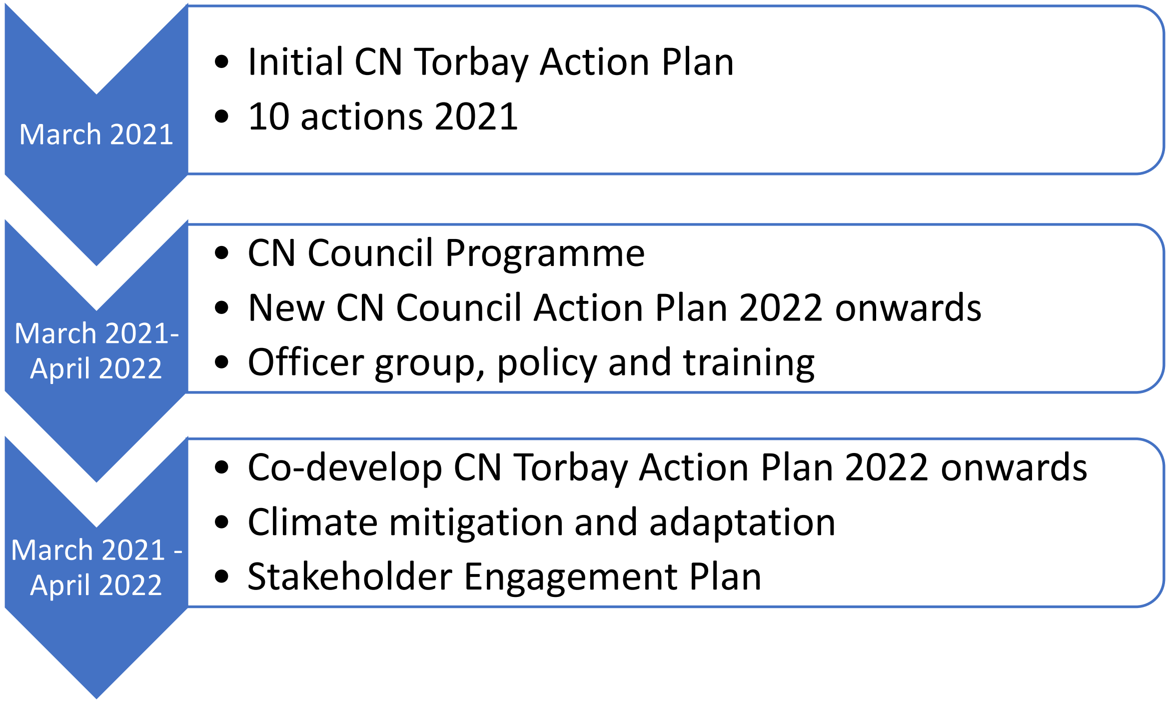
In May 2019, the UK Parliament declared an Environment and Climate Emergency, and the government amended the 2008 Climate Change Act to strengthen its climate ambition, legislating for a target to reduce the UK's emissions to Net Zero by 2050. Like many local authorities, Torbay Council recognised the scale and urgency of the situation by declaring a Climate Emergency of its own, in June 2019, and by joining the Devon Climate Emergency Response Group. This group is made up of Devon's councils, emergency services and leading business groups. Working towards the Devon Carbon Plan, Torbay Council set out its clear objective to become a Carbon Neutral Council by 2030 and work with others to create a carbon neutral community. Other measures adopted by the Council to address climate change include:

- Increase recycling rates.
- Reduce Torbay's carbon footprint.
- Encourage a sustainably developed built environment.
- Implement re-wooding and rewilding.
- Address flooding risks.
- Improve communications and transport connectivity and sustainability.
- Granting of 'green' leases.

To achieve carbon neutrality within Torbay Council's own estate requires significant resource and effort.

The Council has committed to developing its own carbon neutral action plan by April 2022. As part of this we will work with TDA to ensure a roadmap with actions on how we intend to work towards a carbon neutrality by 2030.

The Council will also develop with partners a Torbay wide carbon neutral plan and refresh the Energy and Climate Change Strategy (2014 – 2019) by April 2022.



Torbay Council will work in reducing our environment impacts and become carbon neutral by 2030 by adhering to the following principles:

- Reduce energy & carbon emissions by the adoption of energy efficient measures, renewable energy tariffs and staff behavioural initiatives.
- Minimise waste and water consumption through waste reduction, reuse, and recycling.
- Use sustainable resources through the things we purchase and the services we commission.
- Enhance our natural environment by protecting the Council's own estate through a range of conservation practices.
- Climate resilience and the better understanding of the near-term and future risks on climate change for the Council's operations and services.
- Improve communications and transport connectivity and sustainability.
- Granting of 'green' leases.

Maintaining Our Assets & Corporate Landlord Approach

The way Torbay Council manages its assets is important. We need to ensure that, where appropriate, our land and buildings are managed as a centralised corporate resource, the right stakeholders are involved, and decisions are made in the context of the Council's priorities and objectives.

The concept of a Corporate Landlord Approach is that the ownership of an asset and the responsibility for its management and maintenance is transferred from service areas into a corporate centre. The service area then becomes a corporate tenant and their priority is to plan and deliver their service to the best of their ability. The Corporate Landlord's function is to ensure all services are adequately accommodated and to maintain and manage the associated land and property assets.

Although a Corporate Landlord 'lite' approach has been adopted this has only been completed in part. The Corporate Landlord's responsibility should extend further than the acquisition, development and disposal of land and buildings. Over the life of the strategy the Corporate Landlord will be delivered further to assume more responsibility for asset planning, review, feasibility and options appraisal accounting for the needs of most service areas, but more importantly, making decisions based on overall corporate priorities.

The overall asset maintenance strategy should be to ensure that our finite and reducing resources are prioritised to appropriate buildings, where the money is needed most. To identify these priorities a programme of condition surveys will be undertaken to understand maintenance requirements over a rolling period of 5 years. The aspiration should be to complete lifecycle condition surveys on selected assets to cover a period of 25 to 30 years. This will enable a better-informed decision-making approach and maximise efficiencies by planning over a longer time horizon, instead of reacting to maintenance emergencies as they happen.

Moving forward, the four key aims for both Corporate and Schools Building Maintenance should be:

- To ensure our buildings are safe and secure for the people who use them.
- To allocate funding to projects that will achieve the maximum positive impact for those who use them including our customers.
- To achieve an efficient balance between planned and reactive maintenance work.
- Achieving maximum efficiencies in the way we procure building maintenance work.

TDA will deliver the Corporate Landlord Model, as directed by the Council, through the use of the following activities:

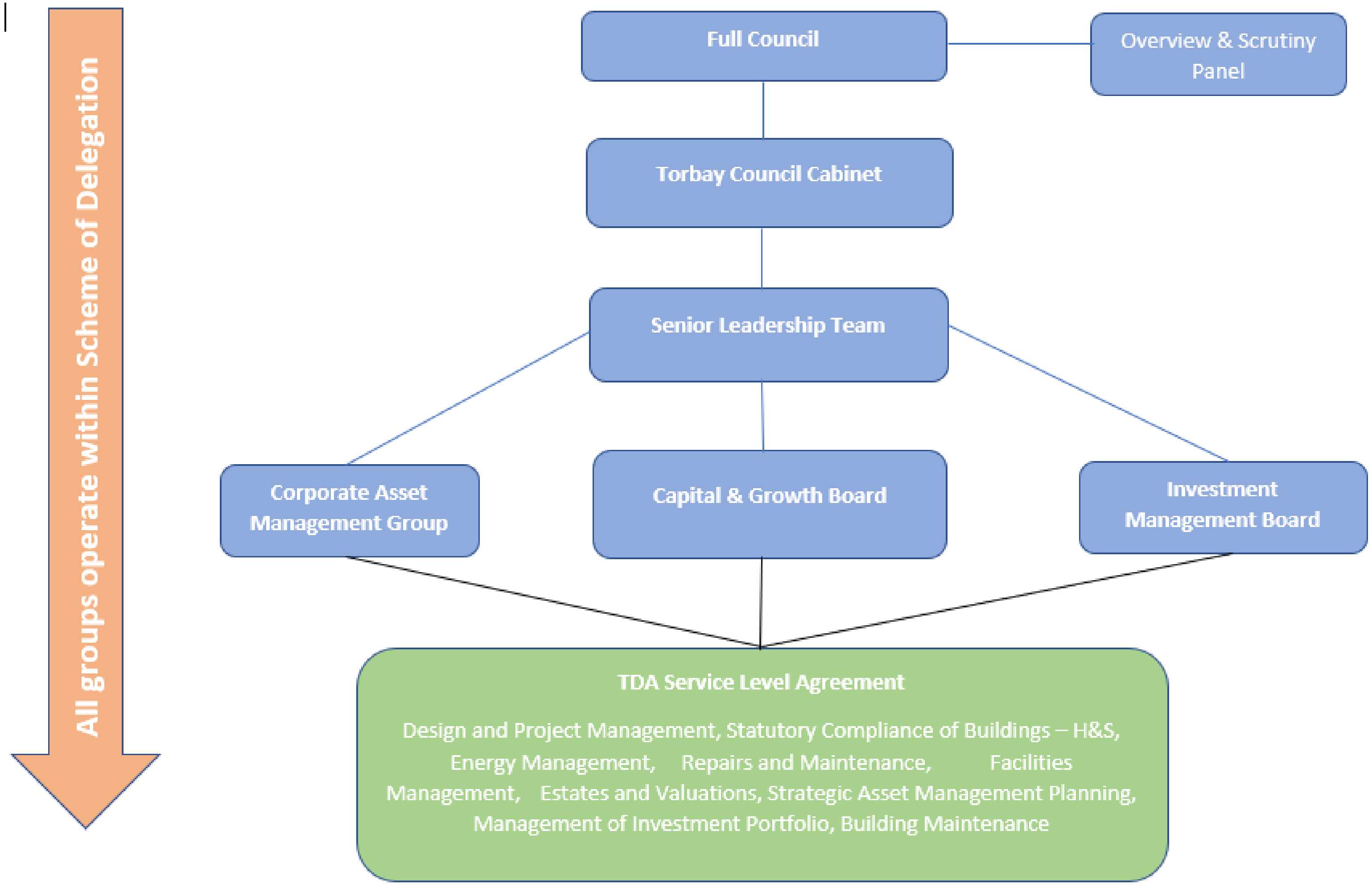
- Design and Project Management
- Statutory Compliance of Buildings – H&S
- Energy Management
- Management of Repairs and Maintenance
- Facilities Management
- Estates and Valuations
- Strategic Asset Management Planning
- Management of Investment Portfolio
- Building Maintenance

Day to day performance and management of the Council's asset portfolio is a commissioned service undertaken by TDA.

The Council shall ensure there is a robust governance structure in place providing direction and transparency of the management of the Council's estate.

The diagram below outlines the organisational structure for the governance of the Council's land and building assets.

Governance Structure



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Working with Partners

Torbay Council are active members of the One Public Estate (OPE) programme, working closely with other public sector organisations across the sub-region (Devon OPE Board), exploring opportunities to reduce premises costs and make assets work better for our communities and customers. This includes working with Torbay & South Devon NHS Trust through the Integrated Care Organisation delivering community health and adult social care services for Torbay. Other partners for example include Devon and Cornwall Police, South Devon College and Libraries Unlimited.

The key aim being to work with a range of key stakeholders, exploring opportunities for shared services and how our combined assets can support this. We will also continue to be an active member of the Heart of the South West LEP Joint Committee and the Emerging Greater South West proposals.

There are many more opportunities across Torbay to explore asset-based arrangements including shared space and community / public service points which will encompass the needs of our communities.

NHS Torbay and South Devon NHS Foundation Trust

Environment Agency

Local Government Association

Homes England

NetworkRail

Ministry of Housing, Communities & Local Government

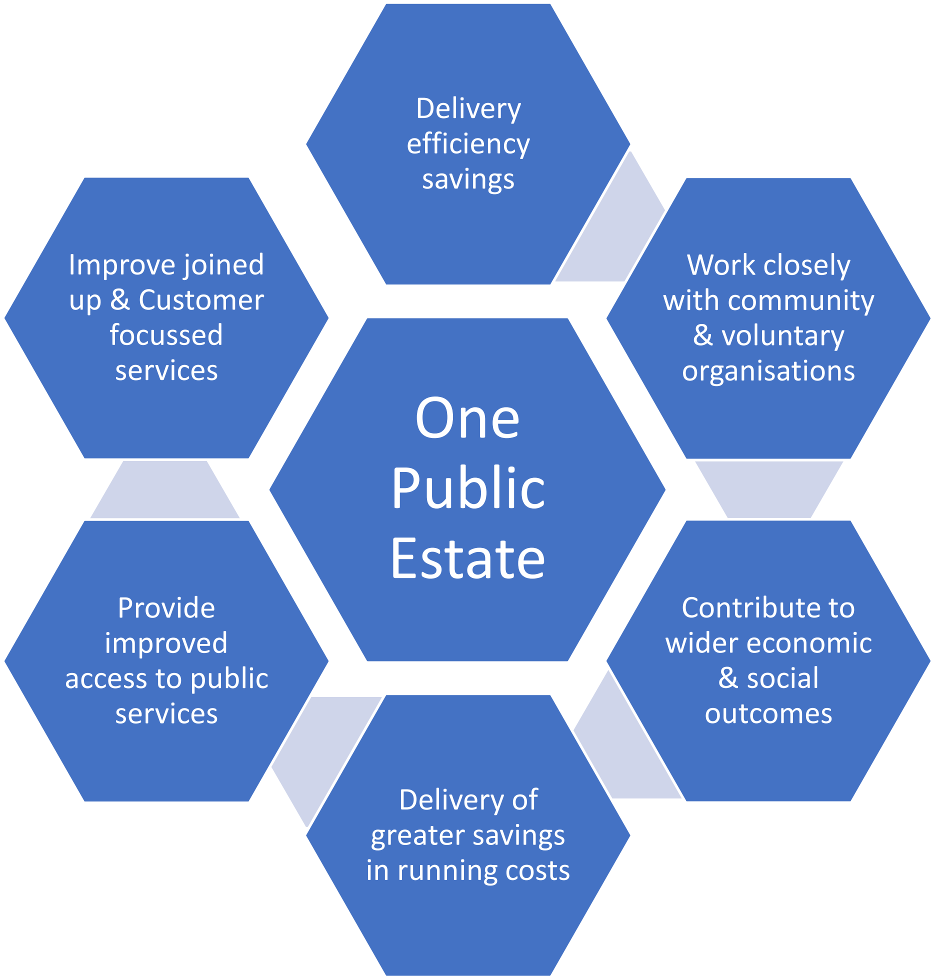
Torbay Coast & Countryside Trust

Department for Work & Pensions

TORBAY COMMUNITY DEVELOPMENT TRUST

Marine Management Organisation

The strategic objectives of the One Public Estate programme are set out below:



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Engaging with Communities

Torbay Council lease over 44 land and property assets to voluntary, community and sports organisations, often at reduced or minimal rents. Many of these leases have been in place for a number of years. Other leases have been transferred to local organisations who run them successfully for the benefit of our local communities. These arrangements range from short term licences, sports leases for up to 40 years or granted by way of a more formal process under a 'Community Asset Transfer' (CAT).

Local people are often best placed to manage community facilities in their area. They already make excellent use of these assets with local knowledge and hands on management, often resulting in lower overheads and better value for money outcomes. Community organisations can lever in significant funding and are also able to use volunteers to run facilities.

Fundamentally, community groups can take ownership of assets and have great pride in their local area. Managing these facilities can help empower local communities and can bring opportunities for greater independence and financial sustainability. The Council are fully committed to using appropriate assets to form long term partnerships with suitable voluntary, community and sports organisations.

A number of operational Policies are in place that will be followed in relation to applications for Community Asset Transfers and Sports Leases.

Community Asset Transfer Policy (Link)

Sports Lease Policy (Link)

Grant in Lieu of Market Rent Application (Link)

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Conclusion and Our Forward Plan

This document covers one element of the new Asset Management Framework - the (1) Asset Management Strategy 2022 - 2027 and should be read alongside (2) the **Asset Management Policy 2022 - 2027**. Together these make up the Strategic Asset Management Framework. The Strategic Asset Management Framework outlines the key strategic objectives for Torbay Council's land and buildings over the next five years and it will form part of the Council's overall Policy Framework.

Sitting outside of the framework will be the Asset Management Operational Delivery Plan which further describes the specific activities to achieve the objectives of the Asset Management Policy 2022 ~ 2027. The Operational Delivery Plan will be categorised under two thematic headings of Strategic and Operational Actions.

The Operational Delivery Plan will be populated and approved by Torbay Council's Director of Place. The Operational Delivery Plan will be reviewed and monitored regularly by the relevant Portfolio Holder and Cabinet where necessary. It will continually change to reflect achievements of actions and capture new priorities and initiatives as they are identified. Consequently, the Operational Delivery Plan will not be a policy document.

It is intended that Torbay Council's Strategic Asset Management Framework will define the principles, criteria and processes through which decisions will be made regarding the use of Council assets.

Record of Decisions

Annual Pay Policy including Gender Pay Gap Report

Decision Taker

Cabinet on 22 February 2022.

Decision

That Council be recommended to approve:

1) the Torbay Council Annual Pay Policy Statement 2022/23 as set out in Appendix 1 to the submitted report be approved for publication;

2) the Torbay Council Gender Pay Gap Report, contained within the Annual Pay Policy Statement 2022/23 in Appendix 1 be approved for publication; and

3) the Employers Pensions Discretions set out in Appendix 2 to the submitted report be approved for publication.

Reason for the Decision

To meet the statutory requirements to review these reports and policies.

Implementation

The recommendations of the Cabinet will be considered at the Council meeting on 3 March 2022.

Information

The submitted report set out the Council's Annual Pay Policy Statement, as required under Section 38 (1) of the Localism Act 2011. It was noted that the pay policy statement drew together the Council's overarching policies on pay and conditions and would be published on the Councils Website. The report also set out the annual review of pensions discretions as required by the Local Government Pension Scheme Regulations. In addition, the report set out details of the Council's gender pay gap data as required by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

At the meeting Councillor Carter proposed and Councillor Cowell seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

None.

Is this a Key Decision?

Yes

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

Published

23 February 2022

Signed: ____ Date: _______________

Leader of Torbay Council on behalf of the Cabinet

TORBAY COUNCIL

Meeting: Cabinet/Council **Date: 3rd March 2022**

Wards affected: All wards in Torbay

Report Title: Torbay Council Annual Pay Policy Statement including Gender Pay Gap Report and Review of Pensions Discretions

When does the decision need to be implemented? By 30th March 2022

Cabinet Member Contact Details: Christine Carter, Cabinet Member for Corporate and Community Services, (01803) 207087, Christine.Carter@torbay.gov.uk

Director/Divisional Director Contact Details: Anne-Marie Bond, Chief Executive, (01803) 207160, Anne-marie.bond@torbay.gov.uk

1. Purpose of Report

1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh Authorities to produce a pay policy statement for each financial year. This is a statutory requirement, and the pay policy statement must be approved formally by Full Council. The pay policy statement draws together the Council's overarching policies on pay and conditions and will be published on the Councils Website.

1.2 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires the Council to publish our gender pay gap data and provide a written statement on our public-facing website and report our data to Government.

1.3 Under the current Pensions Regulations, Torbay Council is able to exercise a range of discretions in regard to how the Local Government Pension Scheme (LGPS) is applied to its employees who are members of the Scheme.

2. Reason for Proposal and its benefits

2.1 The Annual Pay Policy Statement 2021/22 must be approved by the Council in order for the Council to be compliant with Section 38 (1) of the Localism Act 2011.

2.2 The Gender Pay Gap Report contains information which ensures that the Council is compliant with Gender Pay Reporting requirements under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

2.3 The Employers Pensions Discretions must be reviewed and approved by Council annually in line with the LGPS regulations.

3. Recommendation(s) / Proposed Decision

That Council be recommended to approve:

- the Torbay Council Annual Pay Policy Statement 2022/23 as set out in Appendix 1 to the submitted report be approved for publication.

- the Torbay Council Gender Pay Gap Report, contained within the Annual Pay Policy Statement 2022/23 in Appendix 1 be approved for publication.

- the Employers Pensions Discretions set out in Appendix 2 to the submitted report be approved for publication.

Appendices

Appendix 1: Torbay Council Pay Policy Statement and Gender Pay Gap Report 2022/23

Appendix 2: Torbay Council Pension Discretions

Background Documents

Copies of Torbay Councils associated Pay Policies will be made available upon request. All current policies are held on the Council's MyView system:-

https://myview.torbay.gov.uk/dashboard/dashboard-ui/index.html#/landing

The following documents/files were used to compile this report:-

Localism Act Pay Policy Guidance from the Local Government Association
https://www.local.gov.uk/introduction-localism-act

Gender Pay Gap Reporting guidance from GOV.UK and Acas:-

https://www.gov.uk/guidance/gender-pay-gap-reporting-make-your-calculations

https://archive.acas.org.uk/media/4764/Managing-gender-pay-reporting/pdf/Managing_gender_pay_reporting_07.02.19.pdf

Supporting Information

1. Introduction

1.1 The publication of the Annual Salary Statement is a statutory requirement under Section 38 (1) of the Localism Act 2011. If Council does not approve the Salary Statement then the Council will be in breach of the legislation.

1.2 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires all local authorities and other public, private and voluntary sector organisations to publish their gender pay gap data. They must also publish a written statement on their public website and Government website using the gender pay gap reporting service.

See Annual Pay Policy Statement, Appendix 1, for full details.

1.3 Under the current Pensions Regulations, Torbay Council is able to exercise a range of discretions in regard to how the Local Government Pension Scheme (LGPS) is applied to its employees who are members of the Scheme. The Employers Pensions Discretions must be reviewed and approved by Council annually in line with the LGPS regulations.

See Pensions Discretions, Appendix 2, for full details of the existing and recommended discretions.

2. Options under consideration

2.1 There are no options to be considered in regard to the publication of the Pay Policy Statement including the publication of Gender Pay Gap information as these are statutory requirements under Section 38 (1) of the Localism Act 2011 and The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

2.2 There are no options to be considered in regard to the publication of the Pay Policy Statement as it is a Statutory requirement of Section 38 (1) of the Localism Act 2011.

2.3 The Employers Pensions Discretions were last approved by Council in February 2021. Although there are no changes proposed, Council are required to approve these discretions on an annual basis.

3. Financial Opportunities and Implications

3.1 There are no financial opportunities. The implications are in relation to financial penalties that the Council could face for non-compliance, for example, under equal pay legislation.

4. Legal Implications

4.1 The Council would be in breach of its statutory obligation if it does not publish its Annual Pay Policy Statement and Gender Pay Gap information in accordance with the Localism Act 2011 and The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

4.2 The Pay Policy Statement and associated pay policies set out the processes and procedures by which the Council pays its staff. These practices are in accordance with the Equality Act 2010 and associated employment law and so must be complied with.

5. Engagement and Consultation

5.1 Trade Unions representing staff within Torbay Council will be consulted at Joint Consultative meetings.

6. Purchasing or Hiring of Goods and/or Services

6.1 There are no associated services or goods that need to be purchased or hired under these proposals.

7. Tackling Climate Change

7.1 There are no climate change implications associated with these proposals.

8. Associated Risks

8.1 Non-Compliance with Section 38 (1) of Localism Act 2011, The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, see above. It is currently not determined as to whether there would be a financial penalty for non-compliance with the Localism Act however, under employment law non-compliance could result in heavy penalties for the Council (e.g. Equal pay and discrimination claims).

8.2 In regard to non-compliance with Gender Pay Gap Reporting, this is included in the explanatory note to the Regulations that states that failure to comply with the duty will constitute an "unlawful act" within the meaning of s.34 of the Equality Act 2006, which empowers the Equality and Human Rights Commission (EHRC) to take enforcement action.

8.3 In addition to the risk of enforcement action by the EHRC, the Council should also consider the potential damage to their reputation of non-compliance with the gender pay gap reporting duty.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			Employers Pensions Discretions affecting employees who are 55 years and above. A neutral impact as the proposal is that the discretions will not change since they were last reviewed in 2021.
People with caring Responsibilities			
People with a disability			
Women or men	An Equality Impact Assessment was undertaken for the Council's Pay and Grading structure in 2019 – this indicated that men and women are both positively impacted by the new pay and grading structure. The current gender pay gap is narrow – this indicates that the Council's pay and grading structure, associated pay policies and processes are fair and equitable for men and women.		
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			
Religion or belief (including lack of belief)			
People who are lesbian, gay or bisexual			

People who are transgendered			
People who are in a marriage or civil partnership			
Women who are pregnant / on maternity leave			
Socio-economic impacts (Including impact on child poverty issues and deprivation)	The current gender pay gap is narrow – this indicates that the Council's pay and grading structure, associated pay policies and processes are fair and equitable for men and women. As a large employer, this assists in the recruitment and retention of local people.		
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			Neutral, no public health impact identified as a result of proposals.

10. Cumulative Council Impact

10.1 None.

11. Cumulative Community Impacts

11.1 None.

TORBAY COUNCIL

Annual Pay Policy Statement 2022-23

December 2021

This document can be made available in other languages and formats.

For more information please contact hrpolicy@torbay.gov.uk

1. Purpose and Scope

1.1 Section 38 (1) of the Localism Act 2011 requires the Council to prepare an Annual Pay Policy Statement.

1.2 Supplementary guidance was published in February 2013 – “Openness and Accountability in Local Pay: Supplementary Guidance”. Due regard has been given to that guidance in preparation of this policy.

1.3 In dealing with staff pay it is the Council’s strategy to ensure that our Pay Policy facilitates the recruitment and retention of staff with the skills and capabilities the Council needs.

1.4 Arrangements for staff pay must comply with Equal Pay legislation.

1.5 Senior Officers – these are posts with specific responsibility such as Section 151Officer and/or where the salary is above £50,000

1.6 This Pay Policy Statement is a supplement to Torbay Council’s overarching Pay and associated policies which form part of the terms and conditions of employees. These include but are not limited to:-

- Torbay Council Pay Policy
- Job Evaluation Scheme Policies (Greater London Provincial Councils Job Evaluation Scheme).
- NJC Terms and Conditions of Employment (Green Book)

- JNC Terms and Conditions for Chief Executives
- JNC Terms and Conditions for Chief Officers (Directors within Torbay Council are appointed to these Terms and Conditions).
- NHS Terms and Conditions
- Torbay Council Local Government Pension Scheme Policy Discretions
- Employment of Apprentices Policy
- Re-evaluation Policy
- Temporary Acting Up Policy
- Temporary Additional Duties Policy
- Expenses Policy
- Market Supplement Policy
- Market Forces Policy
- Staff Travel Plan
- Key Skills Retention Policy
- Key Skills Golden Hello Scheme
- Key Skills Student Loans Allowance Scheme
- Key Skills Referral Scheme
- Key Skills Accommodation Allowance
- Flexible Retirement
- Retirement and Long Service Award
- Re-organisation and Redundancy Policy

1.7 Guidance from the Secretary of State makes reference to the Hutton Review of Fair Pay. This indicated that the most appropriate metric for pay dispersion is the multiple of Chief Executive pay to median salary. Tracking this multiple will allow the Council to ensure that public services are accountable for the relationship between top pay and that paid to the wider workforce. This annual pay policy statement will publish this multiple along with the following information:

The level of salary for each of the Officers as defined in 1.5 above;

The salary of the lowest paid employee - this information can be found in Appendix 1 of this policy.

2. Arrangements for officer pay

2.1 The general terms and conditions of employment are governed by the following national agreements:

- Chief Executive/Head of Paid Service - JNC for Chief Executives of Local Authorities
- Directors and Divisional Directors - JNC for Chief Officers of Local Authorities
- Senior Officers - NJC for Local Government Services
- Educational Advisors and Inspectors/ Educational Psychologists – Soulbury Pay and Conditions
- All other Employee Groups – NJC for Local Government Services
- Public Health – NHS Terms and Conditions of Service (for employees who have transferred under TUPE)

2.2 The Council uses two forms of Job Evaluation to identify officer pay. This is either through the Council's GLPC Job Evaluation Scheme or the Hay Evaluation Scheme. The Hay Evaluation scheme produces both a Know How Score and a total points score for each post evaluated. Torbay Council pays salary (with a pay band of 4 spinal points) on the basis of the Know How Score only (not the final points score). Know-How is the sum of every kind of knowledge, skill and experience required for standard acceptable job performance.

2.3 The Hay Job Evaluation scheme is used to evaluate the following roles within the Council:-.

- Chief Executive/Head of Paid Service
- Directors and Divisional Directors
- Senior Officers

All Grade N and O roles are evaluated under GLPC and Hay (this is due to the cross over point of the two schemes).

Public Health posts are evaluated on the Council's GLPC Job Evaluation Scheme. Public Health posts can also be evaluated using the "Agenda for Change" evaluation scheme in order to ensure pay parity for similar clinical roles in the NHS.

All other posts within the Council are evaluated under the Torbay Council GLPC evaluation scheme in accordance with the agreed policies.

2.4 A review of Hay salary data was purchased in 2018 and salaries were reviewed in line with this and with South-West public and private sector data. This salary information, together with corresponding job descriptions, is available from the Council's internet page, link as follows:- http://www.torbay.gov.uk/council/finance/salary-levels/

2.5 In determining the salary for the Chief Executive/Head of Paid Service within the Council, and in the absence of appropriate data from Hay, the Council will take advice from the Head of Human Resources. In such a scenario independent advice will be sought from

South West Councils (HR and Employment Services) and other professional organisations to advise the Council as to the appropriate level of remuneration to be awarded.

2.6 The Chief Executive under the general scheme of delegation within the Council will determine the terms and conditions of employment of all officers. Advice will be sought from the Head of Human Resources as required.

2.7 Following significant changes in duties, any post can be re-evaluated. The evaluation will be based on a Job Evaluation Questionnaire which will be assessed by an independent panel of Job Evaluation trained assessors. External advice and benchmarking will also be undertaken if necessary to ensure that market conditions are taken into account for pay and grading.

2.8 Salary increases in relation to cost of living will be applied to all posts according to the awards made by the appropriate National Joint Council as described in paragraph 2.1.

The Council's pay and grading structure is available from the Council's website :- https://www.torbay.gov.uk/council/jobs/what-we-offer/salary-and-grades/

2.9 No additional payments are made to in respect of:

- Bonus payments or Performance payments to the Senior Officers defined in 1.5, unless where given as a result of protections under TUPE, i.e. a transfer from another employer.
- Additional enhancements are paid to NJC Employees who are employed on SCP 23 or below of the Torbay Council Salary Scale. These enhancements were varied in accordance with a Collective Agreement with our Trades Unions, dated 13th December 2016.

2.10 Additional payments are made to any Council Officers who act as Returning Officers, Deputy Returning Officers and those who carry out specific duties at elections. These payments are calculated according to the approved scale or set by a government department depending on the nature of the election. This is treated as a separate employment as and when required.

2.11 In comparing the Chief Executive/Head of Paid Service pay with the wider workforce the Council will use the following definitions:
- The lowest-paid employee: the employee or group of employees with the lowest salary (full-time equivalent) employed by the Council at the date of assessment.
- The median: the mid-point salary when full-time equivalent salaries are arranged in order of size (highest to lowest). Based on salary levels of staff on the date of assessment.

This excludes those employed on casual contracts of employment but includes part time employees where their salaries are normalised to the full-time equivalent. It also excludes Apprentices who are employed on the Torbay Council apprentice pay grade.

3. Pensions contributions and other terms and conditions

3.1 All staff who are members of the Local Government Pension Scheme make employee contributions to the scheme in accordance with the following LGPS contributions table 2022/23.

Band	Salary Range	Contribution Rate	Contribution Rate
1	£0 To £15,000	5.50%	2.75%
2	£15,001 To £23,600	5.80%	2.90%
3	£23,601 To £38,300	6.50%	3.25%
4	£38,301 To £48,500	6.80%	3.40%
5	£48,501 To £67,900	8.50%	4.25%
6	£67,901 To £96,200	9.90%	4.95%
7	£96,201 To £113,400	10.5%	5.25%
8	£113,401 To £170,100	11.4%	5.70%
9	£170,101 or more	12.5%	6.25%

3.2 The employer pension contribution rate is: 16.70% for Core Council and 18.50% for Schools based staff which has been set from 1st April 2022.

3.3 All employees are currently able to apply for a Car Parking permit, which enables employees to park on Council property for a reduced daily rate.

4. Termination payments - Chief Officers

4.1 The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, at retirement age or prior to this, is set out within its Redundancy policy and is in accordance with Regulation 5 of the Local Government (Early termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 8 and 10 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007. Final payment details are submitted to Full Council for approval.

5. Salary packages upon appointment

5.1 Any salary package offered in respect of a new appointment for a Chief Executive /Head of Paid Service will be approved by Full Council. This will include any new salary package equating to £100,000 or more.

5.2 In the case of salary packages for Directors and Divisional Directors, this will need to be approved by the Council's Employment Committee, acting on behalf of Full Council. This will include any salary package equating to £100,000 or more

6. Settlement agreements

6.1 Torbay Council will only enter into Settlement Agreements in exceptional circumstances where it is in the Council's overall commercial and financial interests to do so. Any Settlement Agreement for the Chief Executive/Head of Paid Service will be approved by the Full Council. This will include any severance package including associated pension costs equating to £100,000 or more.

6.2 In the case of Settlement Agreements for Directors and Divisional Directors, this will need to be approved by the Council's Employment Committee acting on behalf of full Council. This will include any severance package including associated pension costs equating to £100,000 or more.

6.3 Settlement Agreements for any other member of staff will need to be authorised by the Director of the service following consultation with the Chief Executive/Head of Paid Service.

7. Gender pay gap reporting

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires Torbay Council to calculate and publish the pay gap between male and female employees every year. Pay data must be based on a 'snap-shot' of the pay situation as at 31st March the preceding year and must be published by 30th March 2021 to the Government and also on Torbay Council's website:- https://www.torbay.gov.uk/council/finance/salary-levels/

The Government publishes the results on their Gender Pay Gap Viewing Service:- https://gender-pay-gap.service.gov.uk/

The Pay Gap Report in included as part of this policy, see Appendix 2 – Gender Pay Gap Report.

8. Publication

8.1 Once approved by Full Council, this Policy and any subsequent amendment will be published on the Council's website. Human Resources Policy will be responsible for the annual review to ensure an accurate pay policy is published ahead of each financial year.

8.2 In accordance with the Code of Practice on Local Authority Accounting, the annual Statement of Accounts includes pay details of Senior Officers reporting directly to the Chief Executive/Head of Paid Service and statutory posts where the salary is above £50,000 per annum.

8.3 Full Council decisions in relation to staff pay matters are available from the Council's internet page, link as follows: http://www.torbay.gov.uk/DemocraticServices/ieDocHome.aspx

Current Salary Levels for Chief Executive/Head of Paid Service, Directors, and other Senior Officers

Torbay Council publishes a Salary Levels list with post details, salary bands and full-time equivalent salaries, available from Torbay Council's website:- https://www.torbay.gov.uk/council/finance/salary-levels/

Equality Statement

This policy applies equally to all Council employees regardless of their age, disability, sex, race, religion or belief, sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership. Care will be taken to ensure that no traditionally excluded groups are adversely impacted in implementing this policy. Monitoring will take place to ensure compliance and fairness.

Appendix 1 - Multipliers

The idea of publishing the ratio of the pay of an organisation's top salary to that of its median salary has been recommended in order to support the principles of Fair Pay and transparency. These multipliers will be monitored each year within the Pay Policy Statement.

In comparing the highest paid salary with the wider workforce the Council will use the following definitions:-

- The lowest-paid employee: the employee or group of employees with the lowest rate of pay (full-time equivalent) employed by the Council at the date of assessment. This includes all types of employment within the Council.
- The median: the mid-point salary when full-time equivalent salaries of all core council staff are arranged in order of size (highest to lowest). Based on the salary levels of staff on the date of assessment. This includes all types of employment within the Council.

The Council's current ratio in this respect is 5.19:1, i.e. the highest salary earns 5.19:1 times more than the Council's median salary. The lowest full time equivalent salary is £17,842 which is Grade A, scale point 1. When measured against the lowest salary the ratio is 8.13:1.

Date of assessment: December 2021.

	Annual Salary	**Ratio to Highest**
Highest Salary	Within the banding £139,999 - £145,000	
Median (Mid-point) value	£27,960	5.19:1
Lowest full-time salary	£17,842	8.13:1

There is a bigger difference in the ratio between the highest and lowest salaries currently, compared to the 2020/21 Annual Pay Policy Statement. This can be attributed to the fact that the Local Government NJC Pay Award is still pending (as at December 2021), therefore, the lowest full-time salary has not changed since 2020 which affects the overall pay difference.

Appendix 2 – Gender Pay Gap Report

This report is provided in compliance with the 'The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017' which came into force on 31st March 2017.

Scope

This report covers all employees of Torbay Council including all staff permanently and temporarily employed on the reporting 'snapshot date' (31st March 2021). This includes those on casual contracts that worked during the pay period ending 31st March 2021.

In accordance with the Regulations, employees of Torbay Council's maintained schools* are treated as being employed by the governing body of the school and not as Council employees. Consequently, employees in maintained schools have been excluded from the Council's gender pay calculations. The duty to report GPG information applies to organisations with 250 or more employees. None of Torbay Council's maintained schools individually exceed this figure and so will not need to make a submission. In the case of schools who are part of a multi-academy trust and which may collectively exceed 250 employees, they will be required to report their gender pay information as the employer and take advice as appropriate.

* Maintained schools are regarded as foundation, community, voluntary, nursery or special schools. (https://www.gov.uk/guidance/gender-pay-gap-reporting-overview)

Definition of Pay

Under the regulations, and therefore in this report, 'pay' includes: basic pay, paid leave (including annual leave, sick leave, maternity, paternity, adoption and parental leave (except where an employee is paid less than usual because of being on leave)), allowances, shift premium pay and bonus pay. 'Pay' does not include: overtime pay, expenses, the value of salary sacrifice schemes (however the reduction to salary is included), benefits in kind, redundancy pay and tax credits.

Gender pay gap and equal pay

The gender pay gap is defined as the difference between the pay of men and women. While there are many ways of presenting this data, under the regulations and in this report there are only two measures: median hourly pay and mean hourly pay. Each is represented as the percentage of the difference with men's pay being the divisor. Therefore, where men are paid more than women, the pay gap will be 'positive' (i.e. with a 3% pay gap women earn 97p for every £1 a man earns). Negative pay gaps are represented as minus percentages (i.e. with a negative pay gap of minus 3% women earn £1.03 for every £1 a man earns). Gender pay gap is not about men and women being paid differently for the same job which has been prohibited by equal pay legislation since 1975. Even with this legislation, historically certain occupations have attracted greater pay due to the value placed on typical masculine and feminine skills.

To comply with equal pay legislation, we operate a recognised job evaluation scheme which covers all posts within the Council. This is supported by periodic pay data reviews to ensure that our pay structure remains transparent and free from gender bias. The Council seeks external advice on JE where required and regularly benchmarks against market data.

Defining pay gaps

A gender pay gap of less than +/- five percent is considered to be acceptable as defined by the Equality and Human Rights Commission's Equal Pay Toolkit. All gender pay gaps of three percent or more are subject to further analysis to identify the main causes and contributory factors of any pay differences.

A positive pay gap indicates that men are paid more, a negative pay gap indicates that women are paid more.

Analysing pay gaps

In regard to Gender Pay Gap Reporting, both the mean and median figures have to be reported, however, the median is referred to, to highlight the overall gender pay gap as it is more representative of the average earnings of a typical person (Annual Survey of Hours and Earnings, 2017:5). Significant pay gaps can often be explained by length of service, market factors, pay protection and/or progression.

Findings

The following summary has been prepared in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 which requires public sector employers to publish specific details of their gender pay, as follows:-

- Median gender pay gap in hourly pay.
- Mean bonus gender pay gap.
- Median bonus gender pay gap.

• Proportion of males and females receiving a bonus payment.

• Proportion of males and females in each pay quartile.

The difference between the average (mean and median) hourly rate of pay for male and female employees

1. The mean pay for women is £16.01 per hour and mean pay for men is £16.09 per hour. Therefore the mean gender pay gap 0.49%.

2. The median pay for women is £15.37 and the median pay for men is £15.28 per hour. Therefore the median gender pay gap is -0.58%.

The difference between the average (mean and median) bonuses paid to male and female employees over the period of 12 months ending with the snapshot date of 31st March 2021.

3. No bonuses were paid to employees during this period.

The proportion of male employees, and of female employees, who were paid bonuses during the period of 12 months ending with the snapshot date of 31st March 2021.

4. No bonuses were paid to employees during this period.

5. The proportions of male and female employees in each quartile of the pay distribution – to be supplied

Quartile	Posts	Men (Count)	Men (%)	Women (Count)	Women (%)
A - Lower (0-25%)	245	54	22.04%	191	77.96

B - Lower Middle (25-50%)	245	76	31.02%	169	68.98%
C - Upper Middle (50-75%)	245	80	32.65%	165	67.35%
D - Upper (75-100%)	245	98	40.00%	147	60.00%
Total Posts	980	308	31.43%	672	68.57%

Findings

Torbay Council employed 980 employees on 31st March 2021, as a headcount figure. This figure does not include our School employees.

The previous Gender Pay Gap Report highlighted a -1.3% mean gap in favour of women and a - -2.8% median gap in favour of women, however this years' figure shows the gap to be 0.49% mean gap and a -0.58% median gap in favour of women, therefore highlights a more reduced gap between men and women's pay than last year.

The Council's gender pay gap position remains well below the public and private sector averages.

The mean gender pay gap for the whole economy (according to the 2021 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures, Table 1.12) is 14.9% and 14.8% for the public sector.

The median gender pay gap for the whole economy (according to the 2021 ONS ASHE figures, Table 13.12) is 15.4% and 18% for the public sector:-

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables

The Council introduced a new pay and grading structure in April 2019 and a full equality impact assessment was undertaken to assess any adverse impact upon certain groups, including a gender analysis. This has since been reviewed and changes to the Council's job evaluation conventions have further been consulted on with Trades Unions to ensure that evaluation of any new and existing jobs continues to be fair and equitable. .

In addition to this, the following proposals are put forward to review and minimise any pay gaps going forward:-

- Review gender pay gap to explore the root causes contributing to any pay gaps and actions required to reduce the gap.
- Introduce strategic workforce planning that will support the fairness and equity of pay and development of all employees.
- Further work to review our pay and grading structure to ensure that it remains transparent and free from gender bias.
- Market Forces and Market Supplement process has been reviewed (October 2021), however, we will continue to review the criteria and the appropriateness of these processes to ensure they reflect market conditions.
- Recruitment Strategy and associated policy and processes will be reviewed to ensure that the Council continues to attract and retain a diverse workforce.
- Regular Audits of Job Evaluations Grading outcomes to ensure consistency, fairness and equality of approach and compliance to scheme.
- Implement consistent monitoring of internal promotions and progressions by gender.
- Continue to utilise staff development and talent management opportunities (e.g. through the management development programme, appraisals and apprenticeships).
- Continue monitoring the impact of restructures on staff with protected characteristics such as gender.
- The above listed proposals may also be applied to other protected characteristics such as age, disability and ethnicity.

Signed by:-

Print Name and Job Title:-

Date:-

Sources of Information:-

Equality and Human Rights Commission:-

https://www.equalityhumanrights.com/sites/default/files/research-report-109-the-gender-pay-gap.pdf

ACAS:-

https://archive.acas.org.uk/media/4764/Managing-gender-pay-reporting/pdf/Managing_gender_pay_reporting_07.02.19.pdf

Office for National Statistics:-

https://www.ons.gov.uk/releases/understandingthegenderpaygap

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables

Policy Feedback and History

Should you have any comments regarding this policy, please address them to the HR Policy mailbox –

HRpolicy@torbay.gov.uk

History of Policy Changes

This policy was first agreed by members of the Torbay Joint Consultative Committee in March 2012

Date	Page	Details of Change	Agreed by:
November 2012	Various	Amendment from Chief Executive to Chief Operating Officer	SSG 8.11.12 Approved by Full Council
6th December 2012	*5-6*	Update to pension ranges re: LGPS contribution rates Addition of Payments upon Termination Section	Approved by Full Council
6th December 2012	7	Update to Ratio + Multiplier information (Appendix 2)	Approved by Full Council
6th December 2012	6	Update to current salary levels + addition of newly appointed posts (Appendix 1)	Approved by Full Council

5th December 2013	Various	Update to current salary levels and reference to Chief Executive Officer throughout. Inclusion of Public Health information.	To be approved by Full Council – 5.12.13
5th December 2014	Various	Update to current salary levels and pension rates, reference to Executive Head of Commercial Services.	To be approved by Full Council – 4.12.14
November 2015	Various	Update to reflect structure changes, e.g. Chief Officer/Head of Paid Service and Assistant Director roles. Reference to National Living Wage from 1.4.16. New section (5) relating to approval process for Chief Officer/Head of Paid Service appointments and changes to Section 6 (Settlement Agreements) to reflect approval process, i.e.	Approved by Full Council – 10.12.15
February 2017	Various	Update to reflect change in job title – Chief Officer to Chief Executive. Changes to Appendix 1 – Multipliers, due to salary pay award in 2016 and introduction of National living Wage. Changes to terms and conditions relating to enhancements and other terms and conditions that have been varied through Collective Consultation. Updated to reflect Hay 2016 rates low to medium and spinal scales	Approved by Full Council February 2017

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June 2017 January 2018	Wording to 2.5 updated. Various	To reflect how Chief Executive salary will be reviewed following recommendation from Employment Committee. Changes to job titles to reflect Senior Leadership Team restructure. Replace external link to Salary Disclosure information. Update to pensions contributions information.	Approved by Full Council 10th May 2017. Full Council Approval 22nd February 2018.
January 2019	Various	Insertion of new section 2.9 re:- pay and grading structure changes. Update to Pensions information – Section 3 Update to Appendix 1 – multiplier information. Update of Appendix 2 – Gender Pay Gap Report Amendment to Scope of Gender Pay Gap Report – pay calculations no longer include Schools data.	Full Council Approval 21st February 2019.

January 2020	Various	Update to Appendix 1 – multiplier information. Update of Appendix 2 – Gender Pay Gap Report. ONS Annual Earnings Survey Results included for private and public sectors.	Full Council Approval 27th February 2020.
January 2021	Various	Update to Appendix 1 – multiplier information. Update of Appendix 2 – Gender Pay Gap Report ONS Annual Earnings Survey Results figures updated for private and public sectors. Inclusion of Restriction of Public Sector Exit Payment Regulations 2020.	Pending - Full Council Approval 24th February 2021.

December 2021	Various	Update to Appendix 1 – multiplier information. Update of Appendix 2 – Gender Pay Gap Report ONS Annual Earnings Survey Results figures updated for public sector and all employers. Addition of Key Skills Accommodation Scheme and Key Skills Employee Referral Scheme. Removal of Restriction of Public Sector Exit Payment Regulations 2020. Update to LGPS contribution rates and bandings.	Pending - Full Council Approval 3rd March 2022.

Policy to be reviewed December 2022.

TORBAY COUNCIL

peninsula pensions

Looking forward to your retirement

Employer Pensions Discretions Policy

The LGPS Regulations 2013

and

The LGPS Regulations 2014

(Transitional Provisions and Savings)

and

The LGPS Regulations 2008

(Benefits, Membership and Contributions)

(as at 14th May 2018)

Employer name: TORBAY COUNCIL

Policy effective from: 01/04/2022

These policies may be subject to review from time to time. Affected employees will be notified of any subsequent change to this Policy Statement.

Print name of authorised officer: Anne-Marie Bond

Job title: Chief Executive

Date:

Signature of authorised officer:

Mandatory LGPS 2013 & 2014 discretions

Power of employing authority to grant additional pension **Regulation R31**	**Please state your decision below:**
An employer can choose to grant extra annual pension* (at full cost to themselves) to: a) an active member; or b) to a member, within 6 months of leaving, whose employment was terminated on the grounds of redundancy or business efficiency **(Current maximum additional pension allowed is £6,822 (figure at 1 April 2018)*	Torbay Council will not normally exercise the discretion to grant additional pension except in exceptional circumstances.

Shared Cost Additional Pension Scheme **Regulation R16 (2) (e) and R16 (4) (d)**	**Please state your decision below:**
Where an active member wishes to purchase extra annual pension by making additional pension contributions (APCs)*, an employer can choose to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC) **(Current maximum additional pension allowed is £6,822 (figure at 1 April 2018)* **NOTE:** this discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work (or such a longer period as the Scheme employer may allow) to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. That is because, in those cases, the Scheme employer must contribute 2/3rds of the cost to a SCAPC; there is no discretion [regulation 15(5) of the LGPS Regulations 2013].	Torbay Council will not normally enter into a Shared Cost Additional Pension Contribution contract to count towards a member's APC purchase except in exceptional circumstances.

Flexible Retirement **Regulation R30 (6) and TP11 (2)**	**Please state your decision below:**
Under the regulations, once an employee reaches age 55, they may remain in employment and draw their retirement benefits. However, there are certain conditions that must be met: a) The employer must agree to the release of the pension. *b)* The employee must reduce either their hours, and/or their grade. *(The specific reduction required is not set out in the regulations, but instead must be determined by the employer, whom must specify the requirements within their flexible retirement policy).* In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights). **<u>If flexible retirement is permitted, employers will need to publish a Flexible Retirement Policy and send Peninsula Pensions a copy. This can be done on the final section of this template.</u>**	Torbay Council will take all reasonable steps to accommodate an employee's request for Flexible Retirement. The Council will consider waiving a reduction to pension benefits where flexibility will enable the Council to retain key skills within critical service areas. The Council will also consider requests where an employee is aged between 55 and 60, satisfies the 85 year rule and in which case the decision incurs a pension strain cost. Such requests will be considered by the Head of Paid Service and/or the Council, dependent on the seniority of the role and the associated cost, in line with the Local Government Transparency Code 2015.

Waiving of actuarial reduction **Regulation R30 (8) , TP3 (1), TPSch2, Para 2(1), B30 (5) and B30 (A) (5)**	**Please state your decision below:**
Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits paid on the grounds of flexible retirement. Employers may also waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits for deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age.	Torbay Council will consider waiving a reduction to pension benefits in the event of Flexible Retirement where flexibility will enable the Council to retain keys skills within critical service areas. The Council will not waive the actuarial reduction applied to deferred member's benefit requests, suspended tier 3 ill health pensioners

Employers also have the power to waive, in whole or in part, the actuarial reduction applied to active members' benefits when a member chooses to voluntarily draw benefits on or after age 55 before age 60 and on or after age 60 and before Normal Pension Age (NPA).	or active members who retire voluntarily and draw benefits from age 55 to Normal Pension Age.

Power of employing authority to 'switch on' the 85 year rule (excludes flexible retirement) upon the voluntary early payment of benefits. **TP1(1)(c) Sch2**	**Please state your decision below:**
The 85-year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can therefore choose whether to switch on the 85-year rule for members: 1) who voluntarily draw their benefits on or after age 55 and before age 60 and, 2) former members who ceased active membership between 1st April 2008 and 31st March 2014 and choose to voluntarily draw their suspended tier 3 ill health pension (on or after 14 May 2018) on or after age 55 and before age 60. 3) former members who ceased active membership between 1st April 1998 and 31st March 2014) and elect for voluntary early payment of any deferred benefits	Torbay Council will not 'switch on' the 85 year rule for current or former members who voluntarily draw their pension benefits early, except in exceptional circumstances.

Non-Mandatory/Recommended LGPS 2013 & 2014 discretions

Regulation R17 (1) and TP15 (1) (d) and A25 (3) and definition of SCAVC in RSch 1	**Please state your decision below:**
Shared Cost Additional Voluntary Contribution Arrangement An employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution via a shared cost arrangement (SCAVC). An employer will also need to decide how much, and in what circumstances to contribute to a SCAVC arrangement.	Torbay Council will not currently contribute to a member's Shared Cost Additional Voluntary Contribution arrangement.

Non-mandatory policies but recommended by Peninsula Pensions:	**Please state your decision below:**
Reg 16(16) - An employer can extend the 30-day deadline for a member to elect for a SCAPC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces service leave).	Reg 16(16) – Torbay Council will not extend the 30-day deadline upon return from a period of absence allowing for a member to elect for a SCAPC unless the Council have not provided sufficient time to enable the member to make the election.
Reg 22(7) and (8) - Whether to extend the 12-month time limit for a member to elect not to aggregate post 31st March 2014 (or combinations of pre-April 2014 and post March 2014) deferred benefits.	Reg 22(7) and (8) – Torbay Council will not extend the 12-month time limit except in exceptional circumstances.
Reg 27 of the LGPS (Amendment) Regs 2018 - Whether to extend the 12-month option period for a member to elect to aggregate pre-1st April 2014 deferred benefits.	Reg 27 of the LGPS (Amendment) Regs 2018 - Torbay Council will not extend the 12-month option period except in exceptional circumstances.
R100 (6) - Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100 (6) – Torbay Council will consider member requests for the acceptance of transfer values on an individual basis.
R9(1) & R9(3) - Determine rate of employees' contributions and when the contribution rate will be assessed	R9(1) & R9(3) – Torbay Council will assess and determine an employee's contribution rate on a monthly basis.

Pre LGPS 2014 discretions

To cover scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 (no need to complete if not applicable).

Reg 30(5) , TP2(1) Sch2, Reg 30A(5) TP2(1) Sch 2	Policy decision
Early payment of benefits Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65 Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to any suspended tier 3 ill health pension benefits which are brought back into payment before age 65	Torbay Council will not waive the actuarial reduction to the early payment of a deferred benefit except in exceptional circumstances. Torbay Council will not waive the actuarial reduction to any suspended tier 3 ill health pension benefits which are brought back into payment before age 65.

To cover scheme members who ceased active membership between 1 April 1998 and 31 March 2008 (no need to complete if not applicable).

Regulation 31(2), 31(5), 31(7A) of the LGPS Regulations 1997 and paragraph 2(1) of Schedule 2 to the LGPS (TP) Regs2014	Policy decision
Early payment of benefits Employers can allow the early payment of deferred benefits to former members of the LGPS between the ages of 50 and 55. Employers can also choose, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65 **<u>Regulation D11(2)(c) of the LGPS Regulations 1995</u>** **In relation to members who ceased active membership before 1 April 1998:**	Torbay Council will consider requests for the early payment of deferred benefits to former members between age 55 and 55 where there is no cost to the Authority. Torbay Council will not waive any actuarial reduction that would apply to benefits paid before age 65 where there is a cost to the Council. Reg D11(2)(c) of the LGPS Regs 1995 – Torbay Council will only grant applications for early release of deferred pension benefits on

Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds.	compassionate grounds to former members between age 50 and NRD where there is no cost to the Council.

Flexible Retirement Additional Policy

Flexible Retirement (Regulation R30 (6) and TP11 (2)) This must be completed if you allow flexible retirement	Please state your decision below:
You will need to consider; - 1. The minimum reduction in hours or grade required. 2. Whether the employee should commit to a reduction in hours or grade for a minimum period. 3. Whether the employee should commit to remaining in employment with the employer for a minimum period You should also state; - 1. Whether, in addition to the benefits the member has accrued prior to 1st April 2008(which the member must draw) to permit the member to choose to draw; • All, part, or none of the benefits they accrued after 31st March 2008 and before 1st April 2014 and/or, • All, part, or none of the benefits accrued after 31st March 2014, and, • Whether to waive, in whole, or in part, any actuarial reduction which would normally be applied to the benefits for Flexible retirement taken before normal retirement age.	1. The minimum recommended reduction in hours is 40%, however, reductions of 20% will also be considered. The minimum reduction in grade is one full grade. 2. The employee must commit to a permanent reduction in hours or grade. 3. The employee must commit to remaining in employment for a minimum period of 1 year, however, the Council can terminate that employment prior to the 1 year deadline. • Torbay Council will permit Flexible Retiree's to draw all of their benefits accrued after 31st March 2008 and before 1st April 2014. • The Council will permit members to draw all of their benefits accrued after 31st March 2014. • The Council will not waive, in whole, or in part, any actuarial reduction which would normally be applied to benefits taken before NRA except in exceptional circumstances.