

Meeting: Cabinet	Date: 13 July 2021
Overview & Scrutiny Board	14 July 2021
Council	22 July 2021

Wards Affected: All Wards

Report Title: Budget Monitoring 2020/21 – Quarter Four - Outturn (subject to audit)

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately

Cabinet Lead Contact Details: Darren Cowell, Cabinet Member for Finance
Darren.cowell@torbay.gov.uk

Supporting Officer Contact Details: Sean Cremer, Deputy Head of Finance
Sean.Cremer@Torbay.gov.uk, 01803 20 7553

1. Purpose and Introduction

- 1.1. This report provides a high-level budget summary of the Council's final revenue and capital position for the financial year 2020/21. This report is based on figures as at 31st March 2021.
- 1.2. Due to the Covid-19 health pandemic 2020/21 has been a year where change was the only constant. This made financial forecasting extremely challenging due to the changes in local and national restrictions and several finance reports were written whilst experiencing a lockdown, and presented once it had been relaxed, or vice versa.
- 1.3. For 2020/21 the main pressure areas remained relatively unchanged throughout the year as they were in service areas most heavily influenced by changes in behaviour of the general public and resultant financial impact, namely Car Parking income, support for temporary accommodation and the collection of Council Tax and Business Rates.
- 1.4. These areas are expected to remain a feature of 2021/22 due to the long-lasting effects of Covid-19 on individuals, households and businesses.
- 1.5. Overall 2020/21 was managed within budget. However, this is only because of significant hard work from within services to address and mitigate demand for spend where possible.

- 1.6. There remains significant ongoing uncertainty as to the financial impact on the Council in the coming year and future years. This is heightened because of the extended restrictions and no revisions, to date, to financial support from Central Government as a result. There is also no indication of how future funding for 2022/23 and beyond will change.
- 1.7. With uncertainty ahead, it is critical that the one-off funding carried forwards is used sustainably and deliberately and consciously targets resources where they will make the biggest impact for Torbay's recovery and lays foundations for sustainable service delivery over the medium term.
- 1.8. At Quarter 4 2020/21 the Capital Plan Budget totalled £301m over the 4-year period. Capital expenditure of £27m was incurred in 2020/21 of which £12m related to various regeneration projects. Of the total £27m spend £12m of this was grant funded.

2. Recommendation (s) / Proposed Decision

- 2.1. That Cabinet notes the report & recommendations.
- 2.2. That the Overview & Scrutiny Board notes the final revenue outturn position makes any comments and/or recommendations to Council.
- 2.3. That the Overview & Scrutiny Board notes the final position for the Council's Capital outturn position and make any comments and/or recommendations to Council.
- 2.4. That Council notes that the following revenue outturn actions were agreed as a part of the February 2021 budget decisions:
 - 2.4.1. Establishing a £1.6m Covid-19 Reserve to deal with the continuing impacts of the Covid-19 pandemic
 - 2.4.2. Allocating £3.5m to fund the Collection Fund Deficit
 - 2.4.3. Increasing the General Fund Reserve by £0.5m which moves the Council closer to having a General Fund of 5% of its net revenue budget.
 - 2.4.4. Additional £0.5m funding to support SWISCo
 - 2.4.5. An allocation of £1.0m toward Community and Corporate plan priorities.
- 2.5. That the Council also approves the additional carry forward of £2.8m being used as follows;
 - 2.5.1. A further £1.0m towards Community and Corporate plan priorities as per Appendix 2
 - 2.5.2. £1.7m towards earmarked service specific reserves to support transformation and improvement work for digital improvements for the Council's services including the contact centre and further support for SWISCo
 - 2.5.3. £0.1m towards the General Fund Reserve

- 2.5.4. Allocate an underspend of £0.960m on Concessionary Fares on travel/road related matters as per Appendix 3.
- 2.6. That the Council approves the use of £0.9m of the profiled capital receipt for the disposal of land at Collaton St Mary as per Appendix 4.

3. 2020/21 Budget Summary Position

- 3.1. Covid-19 has had a significant impact on the Council's income and expenditure in the year. The headlines from this are:
- 3.1.1. There was a significant financial impact from Covid-19 impact due to increased expenditure pressures including adult social care, support for voluntary sector and temporary mortuary and income losses including car parking and collection fund.
- 3.1.2. As recognition of the cost pressures and income losses the Council is expected to receive a total of £14.4m funding from MHCLG in 2019/20 and 2020/21.
- 3.1.3. The Council in July 2020 made a significant revision to its budget during 2020/21 to reflect these financial pressures and additional funding.
- 3.1.4. As part of the 2021/22 budget a Covid-19 reserve for the ongoing financial impact was established with an allocation of £1.6m
- 3.1.5. In addition to the above there are £0.5m of Covid-19 pressures in the higher needs block within the dedicated schools grant.
- 3.2. Despite the significant Covid-19 pressures, the Council has achieved an underspend on its revenue budget, which provides the opportunity to establish several specific reserves which will be deployed to mitigate 2021/22 Covid-19 pressures.
- 3.3. A narrative of the service variances is contained in section 6.

Collection Fund

- 3.4. Due to the local economic impact of Covid-19 the collection fund faced a shortfall of in 2020/21. This pressure is due to the reduced in-year collection of Business Rates & Council Tax income and increased demand for the Council Tax Support Scheme (CTSS).
- 3.5. Total Council Tax arrears increased during the year by £3.1m, whilst total Business rates arrears increased by £0.9m. In addition, the Council had £1.2m of irrecoverable losses on the Collection fund from both changes to the taxbase and from increased numbers of CTSS claims. The Council expects to receive grant as compensation for some of these irrecoverable losses from MHCLG. The final grant figure will be confirmed this autumn.
- 3.6. Under the collection fund accounting rules any shortfall on the collection fund is carried forward to the following financial year to be funded. However, because of the scale of deficits, the Government has announced that Council's will be able to fund "exceptional" Council tax and business rates tax deficits over three years instead of one.

3.7. The Collection Fund reserve which formed part of the Budget 2021/22 recommendations is to meet the future impact of carrying forward the shortfall.

3.8. This mitigates the future year pressures which would otherwise need to be identified through additional savings in 2022/23 and 2023/24.

4. Grant Support

4.1. During 2020/21 there were two key schemes which provided direct funding to offset increased expenditure and income losses. This support was received through un-ring-fenced grants as well as the income reimbursement scheme.

4.2. The Council has received four tranches of un-ring-fenced funding to use to offset increased expenditure and income losses. Torbay Council has received a total of £12.07m so far. This has been allocated in 4 tranches of funding.

Date	Total Funding £'m	Torbay Share	
		£'m	%
19-Mar 20	1,600	5.372	0.34%
18-Apr 20	1,594	3.765	0.24%
02-Jul 20	494	1.310	0.27%
22-Oct 20	919	1.623	0.18%
Total	4,607	12.07	0.26%

4.3. The income reimbursement scheme for Sales, Fees & Charges has provided £2.3m towards total income losses of £3.7m

4.4. The Government has confirmed that there will be a 5th Tranche of funding in the financial year 2021/22 of £4.1m which was included in the approved 2021/22 budget and the Sales Fees & Charges reimbursement scheme will be extended until the end of June 2021.

4.5. In addition to the un-ring fenced grants and the Income reimbursement Grant, Central Government have issued a number of other grants related to Covid-19.

4.6. Under Financial Regulations (5.5) “The Chief Finance Officer, in consultation with the Leader of the Council, to determine the allocation and expenditure of any new revenue grant monies that are received during the year”. Therefore, these grants will be applied to the purpose specified. These are listed below:

Grant	£000	Purpose	Use
Infection Control	5,014	To support ASC providers with infection control measures. Funding will be passported to suppliers (via ICO)	This fund was distributed to a wide spectrum of social care providers delivering registered care, supported living, day opportunities and outreach support across Torbay and has been used by those providers in a myriad of ways to help prevent the spread of COVID-19. It helped to fund capital works to allow safe socially-distant visiting, changing facilities for staff, upgrading of furniture and fittings for infection control suitable ones where necessary. It also paid the wages of staff who were isolating, paid for a range of safe travel options to reduce use of public transport by staff, paid for the recruitment of additional staff and training in infection control measures for staff.
Re-opening High Streets (RHSF)	115	To support opening of high streets. Spend managed by TDA.	<p>From June 2020 – March 2021, the RHSF funded:</p> <ul style="list-style-type: none"> - Three phases of social distancing signage around town centres, including floor stickers, bus shelter posters, bollard sleeves and banners - Ten custom built, sensor operated hand sanitiser stations for use in public realm, to increase hygiene and public confidence on the high street - Ongoing maintenance and replenishment of public realm hand sanitiser stations and anti-covid gel. -High Street marketing and communication campaigns including press advertising, radio advertising and social media adverts - A public facing, reopening high streets safely video - A full time, dedicated project / comms officer and fixed term information officer role, supporting businesses in reopening safely - Support for a winter parking promotion in December 2020

Grant	£000	Purpose	Use
			<ul style="list-style-type: none"> - Periodic Footfall counts to assist with project monitoring and evaluation. - Access to a digital platform for high street businesses for one year, to assist the businesses in communicating with customers whilst in lockdown and to reopen safely.
Emergency Assistance	185	To help local authorities to continue to support those struggling to afford food and other essentials over the coming months due to COVID-19.	Support issued via food parcels and/or financial hardship payments
Winter Spend Grant	500	Similar to above now includes schools	Support issued via food vouchers which were distributed by Schools to families
Test, Track & Trace	886	To support the mitigation and management of local outbreaks of COVID.	Funding for additional Public Health staffing and/or commissioned resources to support the purpose of this grant
Hardship Fund	1,611	To support Council Tax Support scheme claimants.	All working age claimants council tax bills have been reduced by £150 and the balance is to be used for the discretionary hardship fund.
Business Grants Lockdown#1	47,490	Funding to support the Business Grant and Discretionary Business Grant scheme under guidance by BEIS. Note: Torbay is acting as "agent" here so this funding will not form part of budget.	Direct grants to businesses
Business Grants Lockdown#2&3	40,353	Funding to support the Business Grant and Discretionary Business Grant scheme under guidance by BEIS. Note: Torbay is acting as "agent" here so this funding will not form part of budget.	Direct grants to businesses

Grant	£000	Purpose	Use
Transport Access	55	Grant to support development of alternative travel to public transport	
Business Improvement District (BID) support	25	Support to BID companies to cover the equivalent of core operational costs for three months.	
Coronavirus Rough Sleeping Contingency Fund	12	Support for Covid19 impact on homelessness	Offset increased temporary accommodation costs
School Transport	200	Funding for additional, dedicated public transport provision for school pupils.	As per purpose
Social Isolation	237	Payment of £500 to those self-isolating under track and trace	As per purpose
Surge Enforcement	81	To fund costs of enforcement of lockdown	Additional staff to support local compliance with Covid-19 restrictions such as town centre wardens
Clinically Extremely Vulnerable	176	To fund costs of support and shielding of vulnerable residents	The provision of a shielding hub co-ordinating and distributing support such as food parcels for those affected
Contain Outbreak Management Fund	3,143	Public Health funding to strengthen the local public health response to Covid-19 in order to; work to break the chain of transmission and protecting the most vulnerable.	Detailed allocations were contained in the Cabinet report on 15 th June 2021 (Item 10)
ASC Rapid Testing	467	Funding was passported via the ICO.	The Rapid Testing Fund was introduced in January 2021 to support additional COVID-19 lateral flow testing (LFT) of staff in care homes and to enable indoor close-contact visiting where possible. The money was distributed across our registered care homes and domiciliary care providers to facilitate this.

Grant	£000	Purpose	Use
ASC Workforce	414	Funding was passported via the ICO.	In Torbay the workforce capacity grant was used to allow providers to purchase excess annual leave accrued by care home staff working huge numbers of additional hours during the COVID-19 pandemic. This was done in order to prevent staffing shortages and financial pressure during 2021/22 caused by staff carrying over and taking this additional leave, thereby reducing the need to use scarce bank staff resources and high-cost agency staff.
Community Testing Grant	252	To establish a Community based testing facility for “rapid lateral flow devices” (LFD’s) in order to help identify those people who are infectious but asymptomatic.	Establishing a testing site at Quay West Car Park to provide asymptomatic LFD assisted testing as well as collection of free LFD tests for individuals and businesses.
Practical support grant	34	To help people overcome the practical challenges of being asked to self-isolate, government has today	Grant announced 26 th March 2021 and was received in 2021/22

5. Strategic Updates

Wholly owned companies

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

5.2. SWISCo started trading in July 2020 and although the cost of the services provided are lower than with TOR2 not all the expected savings have yet been realised. In addition, COVID-19 has impact on external income such as trade waste and recycling rates. As a result, the Council made an additional £0.5m contribution to SWISCo. This has resulted in a deficit in SWISCo’s income and expenditure of £0.3m. The carry forward requests include an allocation of £1.2m to support SWISCo over the next two years with the aim of achieving financial balance by 2022/23.

5.3. In 2020/21 the Council provided £200k of support for economic recovery and an element of COVID-19 related deficit funding to TDA to ensure a break-even position for the TDA. The TDA outturn was better than forecast earlier in the year at £0.6m, however after the deficit on Torvista the position of the TDA Group was a £0.5m surplus.

5.4. During 2020/21 Tor Vista Homes (TVH) achieved Registered Provider status. This enabled TVH to partner with Torbay Council to purchase and manage the ongoing

tenancy's resulting from the successful Next Steps Accommodation Programme. The first homes were bought in 2020/21. In addition, the Council provided £280k of funding to Torvista however the company at a year-end had a net deficit of £0.1m.

Higher Needs Block – Special Education Needs

- 5.5. The schools' higher needs block in the Dedicated Schools Grant (DSG) has been under financial pressure because of an increasing level of referrals from schools for higher needs support for children. The pace of demand is far outstripping increases in dedicated funding and has been for several years.
- 5.6. The DSG reserve was in a £3.7m deficit at the end of 2019/20. Due to continued pressures within 2020/21 the deficit at the end of the year was £5.8m.
- 5.7. Despite £1.9m of additional central government funding for 2021/22 a deficit budget of £2.6m has been set for 2021/22. As a result, the deficit at the end of the financial year 2021/22 is expected to be in the region of £8.4m.
- 5.8. 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. The School and Early Year Finance (England) Regulations 2020 confirm that this is not a cost that the Council must fund.
- 5.9. For 2020/21 and the following two financial years additional legislation has been passed that, for accounting purposes, reclassifies the deficit on the Council's balance sheet.
- 5.10. Representatives from the Council and the School Forum continue to work with the Education & Skills Funding Agency (ESFA) to discuss the proposed financial recovery plan that was submitted to the ESFA in the 2019/20 financial year. So far, the external scrutiny and review carried out has not identified any new initiatives that are over and above the work already progressed by Torbay Council and the Schools Forum to address this position.

6. Service Budgets

6.1. The budget position below reflects the final budget position and **includes the application of Covid-19 Funding** to offset the Covid related pressures described.

Torbay Council Revenue Q4 2020/21	Budget £000s	Outturn £000's	Variance £000's
1. Adult Social Care	38,907	38,575	(332)
2. Public Health	10,392	10,227	(165)
3. Children's Services	47,321	41,620	(5,701)

4. <i>Community Services</i>	2,748	2,327	(421)
5. <i>Corporate Services</i>	4,369	5,627	1,258
6. <i>Customer Services</i>	2,880	3,044	164
7. <i>Investment Portfolio</i>	(4,641)	(4,204)	437
Sub Total – Corporate Services	5,356	6,794	1,438

8. <i>Finance</i>	(4,032)	(6,173)	(2,141)
9. <i>Central COVID costs & grants</i>	(6,223)	(3,623)	2,600
Sub Total - Finance	(10,255)	(9,796)	459

10. <i>Business Services</i>	16,816	17,373	557
11. <i>Planning and Transport</i>	7,331	7,005	(326)
Sub Total - Place	24,147	24,378	231

Revenue sub total	115,868	111,798	(4,070)
Sources of Funding	(115,868)	(121,720)	(5,852)
Revenue total	0	(9,922)	(9,922)

Additional Items	£'000
12. Transfers as per Budget 2021/22	7,100
13. Transfers to earmarked reserves	2,700
14. Balance to General Fund	122
Net Overspend / (underspend)	0

6.2. A narrative of the position and material variances in each service area is as follows.

1. Adult Social Care – Underspend of £332k

- 6.3. Whilst most of this budget is spent against a fixed contract with the ICO the council is expecting to provide additional support to Adult Social Care providers to ensure the provision of care is maintained throughout this pandemic.
- 6.4. Due to slightly higher than budgeted contributions towards the Better Care Fund (BCF) from the CCG there is a forecast underspend of £200k.
- 6.5. Community and Voluntary Sector organisations who have been supporting the community response to Covid-19 have also been allocated additional financial support to strengthen their fantastic work as part of the community response. So far this totals £0.25m.
- 6.6. Based on the initial MHCLG un-ringfenced grant funding allocations, in consultation with the Section 151 Officer, £2.0m was allocated to the ICO to support Adult Social Care providers. This funding is in addition to the specific ASC sector grants detailed under paragraph 4.6.
- 6.7. The current contract with the ICO is due for renewal on 1st April 2023. Collaborative work is underway between Council & NHS colleagues on the Adult Social Care Improvement Plan and fortnightly budget oversight meetings have been initiated with a view to mitigating current and emerging cost pressures within the service.

2. Public Health – Underspend £165k

- 6.8. Most of the Public Health activity is funded by the ring-fenced grant. There is an underspend on the Joint Commissioning team salaries. There has been reduced spend on some demand-led services which rely on face-to-face provision and therefore have seen significantly reduced demand in 2020/21.
- 6.9. The Public Health team have been central to the local management of the Covid-19 response and coordinating a range of initiatives to ensure safe and effective management of Covid-19 within the local area.
- 6.10. The Public Health team's work has encompassed management of activities funded by the Test, Track and Trace grant as well as the Contain Outbreak Management Fund grant. This response work is expected to continue for the whole of the 2021/22 financial year.

3. Children's Services – Underspend £5.7m

- 6.11. During 2020/21 Children's Services has seen a dramatic reversal of the historic trends, which ultimately results in an underspend of £5.7m. This is due to continued hard work within the Safeguarding teams to manage placement numbers and achieve planned step-downs for placements. This results in significant financial savings, but more importantly ensures improved outcomes for Children and families and ensures where it is safe and appropriate to do so children and young people live in family-based settings.

3a Children's Safeguarding underspend £5.2m

6.12. Children's Safeguarding has in recent years been the cause of financial pressure within the Directorate. The below table shows a comparison of the annual spend on safeguarding over the last 4 complete financial years.

Children's Safeguarding Service	2017/18 £'m	2018/19 £'m	2019/20 £'m	2020/21 £'m
Actual spend	28.7	33.1	41.0	36.5

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

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

Placement types for 2020/21	April	August	December	March
Residential Placement	28	26	23	20
IFA Fostering Placement	101	92	89	80
Total Children Looked After (CLA)	348	330	322	321

6.15. For comparison residential placements peaked at 44 in September 2019. Maintaining this reduced reliance on externally commissioned placements is integral to the Council's financial position.

6.16. The other historic pressure in Children's social care has been agency staff. Total spend on Agency and interim staff was £4.1m for 2020/21. Increased costs were expected because of the implementation of the Learning Academy to provide increased capacity whilst new ASYE Social Workers complete their first year of training. Looking ahead to 2021/22 these costs will reduce as the staff take on larger caseloads.

6.17. Several internal permanent staff were also successful in securing promotions in the new structure, which requires some interim agency staffing to ensure service continuity whilst the substantive posts are recruited to. These internal promotions demonstrate Torbay's commitment to the genuine career progression on offer for staff at Torbay Council.

6.18. Overall, despite the continued use of agency staff there was a £1.2m underspend in Children's Safeguarding staffing overall.

- 6.19. Changes in ways of working implemented due to Covid-19 restrictions have also resulted in a forecast £190k savings due to reduced costs of recruitment, travel, print and postage etc.
- 6.20. This very welcome improvements to long term trends does not mean the hard work is over, Torbay's total spend on Children's Safeguarding remains one of the highest when compared to its statistical comparator group. Further improvements to this service remain central to the success of the Medium-Term Resource Plan.
- 6.21. Whilst these updates contained within this finance report understandably focus on the financial impact of the changes, the most significant impact of all of 'the numbers' is that children & young people growing up in Torbay have improved outcomes.

3b Schools Service underspend £390k

- 6.22. Within Schools Services, on Council funded activity (i.e. non-DSG) there was a net underspend of £390k predominantly as a result of staff vacancies within the service.
- 6.23. Due to social distancing restrictions there are implications on the current home to school travel arrangements for children with Special Educational Needs (SEN). Before lockdown this service cost £54k per week on transporting 454 children "door to door".
- 6.24. With the requirement to comply with social distancing restrictions the weekly costs have increased, costing the Council a total of £2.0m for 2020/21 which represents an overspend of £0.2m for the remainder of this financial year.
- 6.25. Government financial support has been received to offset the costs of providing additional public transport during school travel times. The council has worked with both bus and rail operators to ensure additional public transport was available from the start of this term.

4. Community Services – Underspend £421k

- 6.26. The main pressure within Community Services is the cost of providing temporary accommodation which is forecast to be a total of £938k. This additional cost is because of providing accommodation and support as part of the "Everyone In" initiative. The service is concerned that demand for this service will remain high for the remainder of the year and will continue to 2021/22 as economic pressures continue.
- 6.27. At the peak of demand in June 2020, this service was providing accommodation an additional 121 people because of the "Everyone In" campaign. This meant at the time there was a total of 249 people in Temporary Accommodation.
- 6.28. Following a successful bid for the Next Steps Accommodation Programme, the Council has received £274k of funding towards the revenue costs of Temporary accommodation for 2020/21, which results in an underspend against the revised budget set for Housing.
- 6.29. Grant funding of £57k was also received to deliver additional initiatives working with Landlords and a specialist youth provider.
- 6.30. In partnership with Tor Vista, the Council was also successful in its bid for £1m of Capital funding towards the Next Steps Accommodation Programme to purchase

properties to provide move on accommodation. The total Capital project has a value of £2.2m, with the properties being purchased and managed by Tor Vista.

- 6.31. As a result of the work of the dedicated housing team and their work with local landlords they have enabled most people to move on to permanent accommodation options. As at the end of 2020/21 there were 155 people remaining in Temporary Accommodation, with 14 of these due to move into the Next Steps Accommodation Programme Properties.
- 6.32. This work results in an underspend against the revised budget set and allows the unused money to be carried forward to meet 2021/22 pressures within the service.
- 6.33. As the Furlough and Self-employed income support schemes come to an end and evictions restart the team are expecting to see further increases in demand for support. These changes at a national level are coupled with a very competitive rental market locally which is being further stretched due to the significant demand for “staycation” properties and B&B or self-catering accommodation. In efforts to address these challenges the Housing team are in the process of developing a Housing Sufficiency Strategy which will identify mitigating actions.
- 6.34. Elsewhere within Community Services there are some expected shortfalls in income associated with the Food safety and licensing of £150k due to restrictions on the work the team were able to undertake due to lockdown restrictions. This is partially offset by the Income Reimbursement Scheme. There are also several vacancies across the Community Services teams which contribute to the overall underspend.

5. Corporate Services – Overspend £1.258m

- 6.35. Within legal services there was an overspend of £560k. This is in part due to the ongoing costs associated with Agency Staff of £413k, predominantly because of the support for Adult Safeguarding. There are renewed efforts to recruit to permanent staff including a review of market supplements and a “grow our own” approach. Recharges and income associated with Legal work is forecasting a shortfall of £200k based on historic levels of income achievement.
- 6.36. Of the total £386k of historic transformation savings for delivery in 2020/21 £125k will be undelivered. This is ultimately due to the significant amount of Covid-19 response work undertaken by key officers leading on Council Redesign. These savings will need to be delivered in 2021/22. This have been offset by salary savings of £100k. Linked to the Council’s investment in improved digital and customer interfaces a carry forward has been included to fund the implementation costs of the proposed Customer Relationship Management (CRM) system.
- 6.37. There is an income shortfall of £283k associated with the Print service, in line with recent years.
- 6.38. Although income levels have started to improve the Registrars service faced a shortfall of £200k in income due to social distancing restrictions on the registration of Births and Marriages. With continued restrictions shortfalls on income are expected to continue into 2021/22.

6. Customer Services – Overspend £164k

- 6.39. As a result of reducing numbers of claimants for Housing Benefit as claimants transition to Universal Credit the Council has seen a fall in the Administration grant received by the Council. The reduction in Housing Benefit cases also affects the “mix” of claimants and resultant subsidy for the claimants. Overall this relates to a £300k pressure in the subsidy received by the Council. This has been offset by the allocation of Covid-19 funding.
- 6.40. Over the last year there have been significant increases in demand for the contact centre resulting in £200k of additional staff costs associated with the increased demand within customer services associated with the delivery of support for individuals and businesses in accessing support.

7. Investment Properties – Overspend £437k

- 6.41. There are pressures associated with investment property income which are because of national organisations going into administration that were previously operating within Council owned properties within Torbay.
- 6.42. The overspend reported is, in part, of making a provision for other properties with tenants that have entered into payment plans as a result of the economic impact of Covid-19 on their normal operations. As and when any current arrears are repaid this provision will be reversed.
- 6.43. As a result of the overall Council position no drawdown from the Investment fund reserve has been required in 2020/21. Therefore this reserve remains preserved to meet temporary income shortfalls on investment properties across the portfolio.

7. Finance – Underspend £2.1m

- 6.44. Within this budget heading there are several centrally held Covid-19 expenditure items which are funded by the Government grants received.
- 6.45. As a result of reduced interest rates and no requirement for borrowing due to a pause on Investment Fund activity there are Treasury Management savings of £750k.
- 6.46. During the year there were costs of £826k associated with the Temporary mortuary facility that has been set up by the Council. The facility has been in place since April and based on the projections for use was partially downsized during the year and is scheduled for full demobilisation in July 2021.
- 6.47. The costs of the emergency response for the financial year including the Shielding Hub which has been set up to provide support for individuals on the Governments shielding list, additional communication with the community, purchase of PPE, and additional bandwidth for homeworking is forecast to cost up to £400k. The Shielding Hub has provided a range of support for the community and includes a contact centre as well as the provision of food parcels and PPE.
- 6.48. There are pressures associated Business Rates Collection from a reduced “gain” from the NNDR rate retention pool. This is due to a predicted downturn in rates collection across the Devon-wide pool which results in less funding being re-distributed across the pool. In addition, the significant changes in NNDR reliefs, in particular the 100% reliefs

for retail, leisure and hospitality, has changed the mix of reliefs in year and the resulting grant support.

- 6.49. £300k of contingencies for shortfall in income have been released to mitigate budget shortfalls. There is an impact on interest receipts from the reduction in bank base rate from 0.75% to 0.1% however this is forecast to be offset by compensating savings elsewhere in the treasury management budgets.
- 6.50. Due to the significantly increased activity in the Revenues & Benefits function additional resources (£100k) have been approved to support the team in administering the Collection Fund. The Council has received additional “new burdens” funding which reflects the huge volume of additional work undertaken by the Business Rates & Council Tax teams in the response to Covid-19, particularly around the payment of business grants, administration of reliefs and re-billing.

9. Central Covid costs & Grants – overspend of £2.6m

- 6.51. This heading reflects the receipt of the sales, fees and charges compensation grant, however £6.7m of grant has now been classified in Sources of Funding as unringfenced grant which results in an underspend in that area. Some Covid-19 funding received in 2020/21 has been earmarked to offset the continued impact of Covid-19 in 2021/22. Within this area several service specific carry forwards have been actioned to recognise the known impact of Covid-19 on some services in 2021/22.
- 6.52. If it hadn't been for the significant turnaround in Children's Services the Council may have needed to deploy this funding in 2020/21. This again emphasises the significance of the continued improvement within Children's Services and ongoing effective financial management of all Council services both in terms of the business-as-usual work and mitigating and offsetting pressures that will feature in 2021/22.
- 6.53. More information on the expected mitigation required is in **Section 7 Future mitigating actions**.

10. Business Services – Overspend £557k

- 6.54. Within Car Parking services income has been significantly affected due to the extended Government lockdowns in place for the majority of 2020/21. Off street income was £1.8m down compared to the previous year, on street income was down £0.6m for the same period.

Change in income between 2020/21 and 2021/22				
Car park type	Q1	Q2	Q3	Q4
Off Street	-82.3%	-5.4%	-37.5%	-68.9%
On Street	-75.7%	+10.1%	-25.4	-51.9%

- 6.55. The extension of the Sales, Fees & Charges reimbursement scheme offsets most losses in 2020/21. The extension of this scheme has been agreed for the first Quarter of 2021/22. However, if the scheme is not extended beyond June and restrictions on

foreign travel are lifted a lack of visitors over the summer months could have a significant impact on the Councils financial position in 2021/22.

6.56. There are additional income pressures across:

- Harbours faced a shortfall in income due to reduced visiting vessels and fish tolls
- Culture & Events faced an £80k shortfall due to the cancellation of local events & Torre Abbey £200k due to opening restrictions.
- Beach Services faced a shortfall of £80k due to lost sales because of lockdown.

6.57. As a result of the prolonged closure of Leisure centres, financial support for local centres was £1.1m. This is £0.7m for the RICC and £0.4m for Clennon Valley. This support was partially offset by £250k of grants that Torbay Council successfully bid for from the 'National Leisure Recovery Fund'.

11. Planning & Transport – Underspend £326k

6.58. Linked to the pattern of payments to operators reflecting changes in demand due to COVID and following Department of Transport guidance it is proposed to establish an earmarked reserve of £0.960m for support to future bus travel and transport. In addition, there is an underspend of £280k due to reduced "standard" usage of the main bus routes.

6.59. Changes to stamp duty relief have seen significant late demand within the Land Charges service which means despite the initial downturn, service income was on budget.

6.60. Overall within planning income losses have been offset by the Income reimbursement scheme and late improvements in income levels has allowed for a £100k carry forward for service improvement work to be carried out in 2021/22.

7. Future mitigating actions

7.1. Looking ahead to 2021/22 service pressures are expected to continue in a number of services;

7.1.1. Council Tax & Business Rates Collection

7.1.2. Demand for Council Tax Support Scheme

7.1.3. Support for individuals and families requiring Temporary Accommodation

7.1.4. Income pressures across Car Parking, Investment Properties

7.1.5. Support for the Leisure Centres & SWISCo

7.2. Officer groups working in "Incident Management Teams" continue to focus on each of these issues to identify and deploy interventions to manage these pressures. Details of which will be contained within 2021/22 monitoring reports.

7.3. Following on from the success of the focused Officer & Member working groups which focused on Children's, during 2021/22 Officer & Member groups have also been established for each Directorate. This allows the Leader, Deputy Leader, Portfolio

Holder for the Service and the Overview & Scrutiny Lead to be kept up to date on emerging pressures & actions delivered.

- 7.4. Looking ahead, the financial impact for the Council remains contingent on the level of recovery in Torbay. This recovery is in terms of both the local economic recovery and collection of Council Tax and NNDR which is vital to fund the delivery of local public services. Early signs of a very busy visitor season seem encouraging in terms of the economic recovery, albeit present enormous pressures on other services due to the influx of visitors.
- 7.5. The Chief Financial Officer and his team are closely monitoring the Council's cash flow, although at this stage there remains no concern about cash flow.

8. Risks & Sensitivity

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

Risk	Impact	Mitigation
Continued loss of income	High	Recovery meetings have been convened by the Chief Finance Officer for all the Council's main areas of income. Each group is tasked with developing an action plan to influence income where possible
Collection Fund shortfall	High	Additional resources allocated to support the Revenues & Benefits team and a review of debt recovery will be undertaken.
Fair Funding Formula	Medium	Development of a robust MTRP to address the expected impact on Torbay's funding. Timing of this funding change is now 2022/23 at the earliest.
Identification, and delivery, of savings for 2022/23 to 2024/25 per Medium Term Resource Plan	High	Star Chambers for the 2022/23 Budget setting process commenced in June. Options will be reviewed by Senior Leadership Team in collaboration with Cabinet to consider options for future years.
Delivery of Children's Services cost reduction plan	Medium	Meetings continue to monitor the current rate of delivery against the identified actions from the Sufficiency Strategy.
Unable to recruit staff and need to use agency staff.	High	Recruitment & retention of Social Work staff, particularly in safeguarding is still one of the core priorities for the Senior management team within Children's Services. This pressure is also being seen across a number of front line services which are integral to the Council's "Summer Response Team" Work continues to identify solutions to these challenges which seem to be on a national scale.
Additional demand and cost pressures for services, particularly in children's social care	Low	2020/21 Budget monitoring, use of service performance data and recovery plan.
Delivery of approved savings for 2021/22	Medium	Further to regular budget monitoring for all budget holders, the Council's Senior Leadership Team receive monthly updates on the 2021/22 position.
Investment Property Income changes	High	There are ongoing discussions with tenants about recovery plans

9. Capital Plan update

- 9.1. The Capital Plan Budget totals £301m over the 4-year period. Various changes, mainly new grant allocations, before 31 March 2021 increased the Plan total to £307m. Capital expenditure of £27m was incurred in 2020/21 of which £12m related to regeneration projects
- 9.2. Appendix One shows the expenditure on each scheme in 2020/21 compared to level of spend estimated at Quarter 3. The final column shows the total balance that will be carried forward as the capital expenditure budget in future years.
- 9.3. As a result of capital projects carried forward into 2021/22 there is £89m profiled for delivery in 2021/22, with a possible further £52.8m of Regeneration and Economic Growth projects, subject to suitable schemes being brought forwards.
- 9.4. More detail on the final spend and activity during 2020/21 is contained below.

Thriving People and Communities

- 9.5. Over £7m was spent in 2020/21 including some £4.5m on school improvements at sites including Brunel Academy, Paignton Community and Sports Academy and Barton Nursery.
- 9.6. The Council's contribution towards the provision of a new Free School in Paignton was finally paid and the site is hoped to be in use by September 2021. Investigations for a further site in Paignton continue.
- 9.7. There was further expenditure of £0.6m on the Children's Case Management system and £1m was also spent to progress affordable housing developments and the 'Next Steps Accommodation Programme'.
- 9.8. Whilst there was some preparatory expenditure on Crossways redevelopment proposals, which will include Extra Care housing, the expenditure levels were much less than anticipated as a result of the delays to the Compulsory Purchase Order.

Thriving Economy

- 9.9. There was expenditure of over £17m in 2020/21 on schemes. Work continued on the Claylands site redevelopment (£6.7m) and the Harbour View Hotel (£2.5m) along with a number of other regeneration projects including the acquisition of a town centre retail site.
- 9.10. The Public toilets modernisation programme also continued along with ongoing major highway works at Torquay Gateway (£1m) and other highways spend (£3m) including payments in relation to the South Devon Highway.
- 9.11. There was a significant variation in the payment due to Devon County Council for payments in relation to South Devon Highway compared to previous forecasts supplied. The remaining costs are expected to be in respect of compensation claims but these have been slow in progressing.

9.12. In general, expenditure in year was lower than forecast on several schemes in part delayed by pandemic lockdown restrictions. This is also the case across several areas of the Capital Plan.

Tackling Climate Change

9.13. Spend of £1.5m was mainly on the purchase of new recycling collection vehicles which enable significant improvements to the efficiency and effectiveness of SWISCo's recycling operations and will facilitate improved recycling efforts.

There was also some limited expenditure on initial costs and surveys associated with the proposed Solar Farms at Brokenbury, near Brixham and Nightingale Park, Torquay.

Council fit for the Future

9.14. Spend of £1.2m including a further £0.25m on IT investment and £0.6m on essential repair works to properties particularly in sea front locations, and a loan to SWISCo. for some heavy plant vehicles.

10. Funding

10.1. A summary of the funding of the 2020/21 Capital Plan is shown in the Table below:

2020/21 Funding	Totals @ Q4 £m
Unsupported Borrowing	13
Grants	12
Contributions	1
Revenue	1
Reserves	1
Capital Receipts	(1)
Total	27

11. Grants

- 11.1. The Council has been notified of the following new capital grant allocations, since the last monitoring report.
- 11.2. Department for Education – School Condition Allocation 2021/22 - £417,887. Provided to authorities for major repairs and maintenance of school estates.
- 11.3. Department for Education– Devolved Formula Capital Grant 2021/22 - £83,700. This is a ring-fenced grant and will be paid to appropriate schools as required.
- 11.4. Department for Education – Basic Need allocation 2022/23 - £1,829,365. Note this is a future year allocation to enable planning for future demands for school places. In addition, a further £440,961 allocation for 2020/21 has been announced to compensate for the later than expected opening of the new Free Primary School in Paignton.
- 11.5. Department for Education – High Needs Provision Capital 2021/22 £530,150. A new allocation for 2021/22 to enable schools to provide improved facilities for pupils with High Needs
- 11.6. Department for Transport – Highways Structural Maintenance Grants £809,000 together with Potholes Action Fund also £809,000. Both are 2021/22 allocations.
- 11.7. Department for Transport – Incentive Element 2021/22 - £202,000. This is an indicative amount and the maximum amount but is subject to DfT review and adjudication before being confirmed. This element of grant is paid to authorities following effective asset management and adopting efficiency and best practice principles for local highway maintenance.
- 11.8. Department for Transport – Integrated Transport Block 2021/22 - £1,071,000.
- 11.9. Ministry of Housing Communities and Local Government – Disabled Facilities grants 2021/22 £2,128,689. This grant allocation is used to support our DFG expenditure but also includes the former Adult Social Care capital grant. In recent years £1m has been allocated by members to DFGs with the balance to Adult Social Care some of which will be used to support the proposed Torre Marine (Extra Care Housing) redevelopment.
- 11.10. As well as the above new annual grant allocations the Council received confirmation of the following specific grant:
- 11.11. Public Sector Decarbonisation Scheme –allocation £1,849,899 to enable the replacement of the heating system at Torbay Leisure Centre with a more favourable decarbonisation heat technology alternative.
- 11.12. All the above grants will be included in the Council’s 2021/22 capital budget and have been allocated to the intended services

12. Capital Receipts

- 12.1. In 2020/21 just over £0.5m of capital receipts have been generated from asset disposals, with a further £0.18m from Right To Buy (RTB) Clawback and £0.4m from capital loan repayments, giving total receipts of £1.1m. The RTB Clawback and repaid loans are earmarked resources and are not available to fund the general Capital Plan. Currently, the approved Plan relies upon the generation of a total of £6.6 million additional capital receipts from asset sales.
- 12.2. No capital receipts were used to finance capital expenditure in 2020/21 and some previous temporary usages were 'repaid' or and some estimated usage delayed, increasing the balance held at year end to £1.7m.
- 12.3. During 2020/21 the land at Collaton St Mary was offered for sale. The use of the Capital Receipt from the (expected) proceeds are detailed in Appendix 4. It is important to note that any use of the receipt will only be committed once the funds have been received from the developer and any relevant conditions have been met. Repayment of the original borrowing is currently profiled to take place in equal payments in 2022/23 and 2023/24.

Capital Contributions – S106 & Community Infrastructure Levy

- 12.4. In 2020/21 £1.1m of capital contributions were generated. Of this value, £0.1m was from Section 106 Planning agreements with £0.3 from Community Infrastructure Levy and the balance £0.7m being contributions to specific schemes by other partners.
- 12.5. The Council's Community Infrastructure Levy (CIL) scheme came into effect in 2017/18. The main capital project identified for funding from CIL receipts is the South Devon Highway. The Council used £0.1m of its CIL receipts to fund its South Devon Highway expenditure in 2020/21. The "neighbourhood proportion" of CIL receipts has been allocated to an earmarked reserve pending distribution.

14. Appendices:

- 14.1 Appendix 1 - Capital Plan summary – Quarter 4 2020/21
- 14.2 Appendix 2 – Allocation of Corporate and Community Plan funding £1m
- 14.3 Appendix 3 – Concessionary Fare allocation £950k
- 14.4 Appendix 4 – Use of Collaton St Mary Receipt