

Meeting: Overview & Scrutiny Board

Date: 15 September 2021

Cabinet

21 September 2021

Wards Affected: All Wards

Report Title: Budget Monitoring 2021/22 – Period 4 (July) Revenue Outturn Forecast & Quarter 1 (June) Capital Outturn Forecast

Is the decision a key decision? No

When does the decision need to be implemented? N/A

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1. Purpose and Introduction

- 1.1. This report provides a high-level budget summary of the Council's revenue and capital position for the financial year 2021/22 which commenced on 1st April 2021. This report is based on revenue figures as at 31st July 2021 and Capital figures as at 30th June 2021.
- 1.2. Whilst the majority of the Covid-19 restrictions have now been lifted, the financial impact of the health pandemic remains a significant risk to the Council's finances. So far 2021/22 continues to see continued high demand for services and support.
- 1.3. As at Period 4 the Revenue budget shows a slight overspend of £0.86m which represents a variance of 0.75% against the 2021/22 budget.
- 1.4. The Capital Plan expenditure budget totals £284m for the 4 year programme, with £57m currently scheduled to be spent in 2021/22, including £24m on various Regeneration projects, £6m on Highways and transport schemes and £9m on various Education projects. To ensure a balanced capital budget over the life of the Capital Plan, £8.4m is required from capital receipts and capital contributions.

2. Recommendation (s) / Proposed Decision

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

3. 2021/22 Budget Summary Position

- 3.1. Overall Torbay is still seeing the continued impact of Covid-19. The impact is both directly and indirectly on the Council's income and expenditure in the year.
- 3.2. Despite the possible uncertainty of the Covid-19 impact the changes to the approved budget set by the Council in February appears to have effectively reallocated resources to meet the cost pressures faced. As a result, there is a forecast variance 0.75%. This demonstrates that, based on current levels of activity, additional funding for pressures such as the provision of Temporary Accommodation and the impact on Collection fund are sufficient to effectively meet the pressures and challenges anticipated for 2021/22.
- 3.3. However, officers remain focussed and closely monitoring:
 - 3.3.1. The continued costs of Covid-19 response including local test, track and trace work alongside the work to support communities and businesses in response to outbreaks.
 - 3.3.2. Income losses including car parking and collection fund where the changes to the behaviour of individuals and households affects key funding for local service delivery.
 - 3.3.3. The improvement journey within Children's Services which is crucial to the Council's medium term financial stability.
 - 3.3.4. The effective deployment of carried forward or one-off funds which are being deployed as part of the Council's recovery. In a number of areas such as Housing, the use of these funds is imperative to ensure to reduce long term costs. Effective use of the funds is crucial to providing a pathway to balance the 2022/23 budget.

Collection Fund

- 3.2. The establishment of a Collection Fund reserve formed part of the Budget 2021/22 was required in order to meet the future impact of carrying forward the shortfall from 2020/21. This reserve funds the 2020/21 impact of the shortfall for the period 2020/21 – 2023/24.
- 3.3. So far 2021/22 monitoring seems to be in line with forecast collection levels, a 2% reduction on pre Covid-19 collection rates. Revised NNDR bills incorporating the new 2021/22 reliefs were issued. A detailed review of the Collection Fund will take place for the Quarter 2 monitoring and form part of the Budget setting reports available later in the year.

4. Grant Support

- 4.1. During 2021/22 there are two key schemes which continue to provide funding to offset increased expenditure and income losses. This support has been received through un-ring-fenced grants as well as the income reimbursement scheme.
- 4.2. The un-ringfenced funding of £4.1m was included in the approved 2021/22 budget.
- 4.3. The Sales Fees & Charges reimbursement scheme which ran until the end of June 2021 will provide £0.2m of funding.
- 4.4. 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.

5. Wholly owned companies

- 5.1. This section contains an overview of the financial position for the Council's wholly owned companies. More detailed financial reporting about the Council's Wholly owned Companies will be presented to Audit Committee on a regular basis.
- 5.2. SWISCo which has now been trading for just over a year, remains under pressure. There have been significant impacts on the ability to effectively recruit and retain suitable staff for waste collection to deliver services. This is in part due to changes to the labour market & availability of staff, most significantly impacted by the withdrawal from the EU. Day-to-day staffing levels have also been significantly impacted by the need for staff to self-isolate as a result of being "pinged" or close-contacts of someone who has tested positive for Covid-19.
- 5.3. As part of the 2021/22 budget additional financial support was approved for SWISCo. 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. At this time, it is expected that further financial support will be requested in 2021/22.
- 5.4. TDA group are expected to report a surplus for 2021/22, although within that position Torvista will continue to incur losses until it increases its number of properties and its rental income

6. Statement of Accounts – 2020/21

- 6.1. The Council's auditors, Grant Thornton, due to their ongoing resource issues have delayed the start of the Audit of the Councils Statement of Accounts. Grant Thornton will therefore fail to meet the statutory deadline of the 30th September 2021 to provide an opinion on the Accounts. The final reports will be presented to the Audit Committee in due course, probably the November meeting of the Committee.

7. Service Budgets

- 7.1. The table below contains the forecast spend for the financial year 2021/22. The reporting hierarchy reflects the current Senior Leadership Team (SLT) Structure.

| Service | Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|----------------------|-----------------|-------------------------------|------------------------------|
| Adult Services | 44,546 | 44,674 | 129 |
| Executive | 3,154 | 3,408 | 254 |
| Children's Services | 45,493 | 45,343 | (150) |
| Corporate Services | 5,748 | 6,483 | 735 |
| Finance | (9,393) | (9,773) | (380) |
| Investment Portfolio | (4,639) | (4,639) | 0 |
| Place | 20,738 | 21,013 | 274 |
| Public Health | 9,825 | 9,825 | 0 |
| Total | 115,472 | 116,333 | 861 |

- 7.2. The Overall council position shows a slight overspend of £0.86m (0.75%). More information on the service variances is contained below.

7.3. **Adult Services**

- 7.4. The Director for Adults Services, now covers the three service areas shown below.

| Service | Current Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|--------------------|----------------------------|-------------------------------|------------------------------|
| Adult Social Care | 41,519 | 41,442 | (76) |
| Community Services | 2,493 | 2,613 | 120 |
| Customer Services | 534 | 619 | 85 |
| Adult Services | 44,546 | 44,674 | 129 |

- 7.5. Overall Adults Services directorate shows a slight overspend representing 0.29% of the budget.
- 7.6. Within Adult Social Care the majority of spend is against a fixed price financial arrangement (contract) for the delivery of services provided by the Integrated Care Organisation (ICO). There is a slight underspend in Local Authority contracted activities.
- 7.7. The current financial arrangement 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 following a temporary pause over the Summer due to availability of NHS colleagues, fortnightly budget oversight meetings have will resume in September with a view to mitigating current and emerging cost pressures within the service.

- 7.8. Community Services has a shortfall on income. This represents the continued impact of Covid-19 on income generating activity within the service including Licensing and the Environmental crime team.
- 7.9. Following the investment of an additional £1m to meet additional demand for Temporary Accommodation, this service is forecast to be on budget. This position is monitored fortnightly by officers to ensure progress in the provision of suitable and stable temporary accommodation options whilst individuals and family groups find permanent accommodation. This work includes the recent block-contracting of a Hotel. This intervention has been required due to the extraordinarily high demand for accommodation in Torbay & surrounding areas. This is almost a “perfect storm” of staycationers, and landlords opting to sell-up and exit the market as a result of local property prices increasing in the wake of the Stamp duty tax-relief. All of which culminates in the low availability of temporary options for individuals and family groups in need of temporary accommodation. As the Furlough and Self-employed income support schemes come to an end in September 2021 and evictions restart the team are expecting to see further increases in demand for support.
- 7.10. In order to meet demand within the contact centre, customer services has increased costs from staffing, including agency staff and print & postage costs. Upon implementation of the Councils “CRM” system in future years more self-service options will be available for customers which will help to streamline straight-forward contact.

7.11. Children's Services

| Service | Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|-------------------------|-------------------------|--|---------------------------------------|
| Schools Services | 3,677 | 3,670 | (6) |
| Children's Safeguarding | 41,816 | 41,672 | (144) |
| Total | 45,493 | 45,343 | (150) |

- 7.12. Within **Schools Services** Local Authority funded activities are expected to be on budget.
- 7.13. There remains pressure with the provision of Home to School transport as a result of rising costs as transport providers have to adapt their operating models in light of Covid-19 and as children and young people adjust & readjust to the changes to schooling and as a result, may need a different level of support to get to and from school.
- 7.14. Outside of Local Authority funded activities, the schools' higher needs block in the Dedicated Schools Grant (DSG) remains 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.
- 7.15. For 2021/22 the Schools Forum set a deficit budget of £2.6m for 2021/22. Based on the latest monitoring, the forecast in-year deficit is now £2.745m.
- 7.16. As a result, the DSG cumulative deficit is now forecast to exceed £8.6m by the end of 2021/22.
- 7.17. 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. However, for how long this position is sustainable is not certain. At some point the deficit will need to be funded therefore it is essential that officers and members continue to focus on this key issue.
- 7.18. In 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. There is currently uncertainty as to what will happen after the end of the three year period.
- 7.19. 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. 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.

- 7.20. Within **Children's Safeguarding** there is a slight underspend forecast of £0.1m (0.3%). This is as a result of reduced Legal Fees due as Children Looked After (CLA) reduces and there has been some reduction to cost of respite as it has not been possible as a result of Covid-19.
- 7.21. Overall placement numbers remain stable and the number of Children Looked After (CLA) continues to reduce gradually. This gradual reduction and continued stability indicates that the improvements seen in the last financial year were done so sustainably.
- 7.22. Agency costs are forecast of £4.64m. This is in part as a result of successful internal recruitment where Social Workers or Team Managers have secured a promotion within the Council, but in the interim, Agency cover has been required whilst permanent recruitment is undertaken.
- 7.23. Within Agency costs £1m of this is associated with the improvement journey of Children's Services and is therefore only expected to be required for a fixed period of time. Similarly there are a number of agency posts which are supporting through managing the excess of the the newly qualified Social Workers caseload. Again, these posts are time-limited and scheduled to cease as new staff progress through the Learning Academy and increase their caseloads.
- 7.24. If current placement numbers remain stable & the new staff due to start in the Autumn of 2021 as part of the Learning Academy remains on track, this forecast position is expected to improve. However, in consultation with the Director of Children's Services and based on the volatility within recent years at this early stage in the year this forecast represents a balance of prudence and realism.

| Placement types | Aug'20 | Dec'20 | Apr'21 | Jul'21 |
|-----------------------------------|--------|--------|--------|--------|
| Residential Placement | 26 | 23 | 21 | 21 |
| IFA Fostering Placement | 92 | 89 | 81 | 80 |
| Total Children Looked After (CLA) | 330 | 322 | 321 | 302 |

7.25. Corporate Services & Executive

| Service | Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|-----------------------|-----------------|-------------------------------|------------------------------|
| Executive | 3,154 | 3,408 | 254 |
| Corporate Services | 5,748 | 6,483 | 735 |

7.26. Within the 2021 Senior Leadership Team structure, Corporate Services & Executive are made up of the following services;

7.27. Corporate Services;

- IT
- Legal Services
- Library Services (Commissioned)
- Printing & Post

7.28. Executive

- Business Change & Improvement
- Governance
- Human Resources
- Policy, Performance & Community Engagement

7.29. Within Corporate Services there are significant, continued pressures within Legal Services as a result of challenges to recruit. This results in forecast Agency costs of £0.4m forecast. Reduced fee-earning work provides a further cost pressure of £0.2m on income. The Interim Assistant Director for Corporate Services is working closely with the Head of Legal to address both of these pressures. As a result of the unsuccessful tender for the Printing & Post Service, there is a further pressure of £0.2m.

7.30. Within the Executive unit there are cost pressures related to previously agreed Council wide savings targets (£0.2m) which have as yet been unachieved due to the significant resources re-directed to the Covid-19.

7.31. Finance

| Service | Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|----------------|-------------------------|--|---------------------------------------|
| Finance | (9,393) | (9,773) | (380) |

7.32. Within Finance, which is where a number of Central Government Grants are shown, there is a minor underspend forecast.

7.33. This is as a result of releasing a corporately held contingency set aside to offset the pressures within Printing & Post following the procurement result as well as £0.2m of income expected as part of the Governments Covid-19 response "Sales, Fees & Charges" reimbursement scheme which ran until the end of June 2021.

7.34. Investment Portfolio

| Service | Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|----------------------|-------------------------|--|---------------------------------------|
| Investment Portfolio | (4,639) | (4,639) | 0 |

7.35. The Council's Investment Portfolio is forecast to be on budget after the use of the Investment Fund reserve to meet any in year shortfall. Within the portfolio there are some pressures as a result of the Covid-19 impact on Commercial tenants.

7.36. Place

| Service | Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|--|-------------------------|------------------------------------|---------------------------------------|
| Place Operations | 11,978 | 12,252 | 274 |
| Place Commissioned | 3,969 | 3,969 | 0 |
| Planning, Housing and Climate Emergency | 4,792 | 4,792 | 0 |
| Total | 20,738 | 21,013 | 274 |

7.37. Within Place there is a £0.3m overspend which represents 1.3% of the budget.

7.38. Place Operations is made up of;

- Culture & Events
- Highways & Transport
- Tor Bay Harbour Authority
- Parking Services
- Parks & Green Infrastructure
- Waste & Recycling
- Resort Services

7.39. Place Operations has a cost pressure of £0.2m as a result of increased tonnages linked to reduced recycling rates. This may be offset by the end of the financial year when the Waste Annual Partnership Reconciliation exercise which will be undertaken later in the year.

7.40. Another Council service which has seen a significant increase in demand is Parking Services. Over the Summer the level of visitors to the area has seen the beaches and local hotspots very busy. Despite starting the Financial year in a lockdown, and Summer weather that could have been better, car parking income over the summer has remained on budget. There remains uncertainty over how the Autumn/Winter season will impact parking income, so at this stage the service is forecast to be on budget.

7.41. Place Commissioned is made up of;

- Economic Growth & Regeneration

7.42. There are no variances currently forecast within Place Commissioned Services.

7.43. Planning, Housing and Climate Emergency is made up of;

- Building Control
- Development Management
- Strategy & Project Management
- Planning Support

7.44. Last year there were a number of income pressures within Planning, however this year no shortfalls are forecast.

7.45. Within Strategy & Project Management there may be an underspend based on the level of Concessionary Fares payments required for 2021/22 as it is expected that there will be continued reduced levels of travel.

7.46. Public Health

| Service | Budget £'000 | Projected Outturn £'000 | Outturn Variance £'000 |
|----------------|-------------------------|--|---------------------------------------|
| Public Health | 9,825 | 9,825 | 0 |

7.47. Public Health colleagues continue to lead on the Council's response to Covid-19 and co-ordinate and deliver a number of key and continuing strands of the response and recovery work.

7.48. This includes the spend of the Contain Outbreak Management Fund Grant, the delivery a number of Testing Programmes as well as the management of the Local Contract tracing work.

7.49. As the majority of this work is directly grant funded, there is no forecast variance on Local Authority funded activity within Public Health.

7. Future mitigating actions

7.1. Service pressures 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 continue to work in “Incident Management Teams” focussing on each of these issues to identify and deploy interventions to manage these pressures.
- 7.3. During 2021/22 budget focussed senior Officer groups continue to meet monthly for each Directorate. This allows the Chief Executive, Chief Finance Officer & the service Director & support staff
- 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. As in 2020/21 central government have advanced a number of grants.

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 | <p>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.</p> <p>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.</p> |
| Additional demand and cost pressures for services, particularly in children's social care | Low | 2021/22 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 Summary Position

9.1. The Capital Plan budgets to spend a total of **£284m** on capital projects over the 4 year programme, with **£57m** currently scheduled to be spent in 2021/22, including **£24m** on various Regeneration projects, **£6m** on Highways and transport schemes and **£9m** on various Education projects. The Capital Plan is funded from capital receipts, capital grants and contributions, reserves and revenue budget contributions, and long-term borrowing to ensure a balanced budget over the life of the Plan.

9.2. The spend and funding profile for the Capital Plan is included in Appendix 2.

9.3. Of the **£8.4m** capital receipts budgeted for in the Capital Plan, **£1.8m** has been received by the end of July 2021 albeit none of which received in the 2021/22 financial year. This leaves a balance of **£6.6m** still to be realised from both capital receipts and capital contributions. It is only after this £6.6m has been achieved that any capital receipts can be applied to new schemes, this will ensure the Capital Plan remains fully funded.

9.4. The movements in the estimate of expenditure in 2021/22 on the Capital Plan of **£125.4m** and the current approved budget for 2021/22 of **£57.1m** are shown below.

9.5. Please note the format of this table shows schemes ordered by Council's Targeted Actions, as is Appendix 2.

10. Updates to Capital Plan

| Scheme | Variation in 2021/22 | Change £'m | Reason |
|---|------------------------|---------------|---|
| 2021/22 profiled spend as at Q3 2020/21 | | 125.4 | Capital Plan Update – 2020/21 Quarter 3 (Cabinet 18th Feb 2021) |
| Scheme budgets brought forward from 2020/21 and minor year end adjustments. | Re profiled to 2021/22 | 14.8 | For details see 2020/21 Capital Outturn report (Cabinet 13th July 2021). |
| | Total | 140.2 | |
| Thriving People and Communities | | | |
| DfE Basic Need Grant | Additional resources | 0.4 | Revised 2020/21 grant allocation (increase of £440,961). Compensation for the later than expected opening of the new Free Primary School in Paignton. |
| School Condition (Capital repairs & maintenance) 21/22 | New year allocation | 0.4 | 2021/22 Govt. grant allocation of £417,887 for major repairs and maintenance of school estates. |
| Devolved Formula Capital | New year allocation | 0.1 | 2021/22 Govt. grant allocation of £83,700 (ring-fenced) – to be paid to appropriate schools as required. |
| High Needs Provision | New year allocation | 0.5 | 2021/22 Govt. grant allocation of £530,150. A new allocation for 21/22 to enable schools to provide |

| Scheme | Variation in 2021/22 | Change £'m | Reason |
|--|----------------------------------|---------------|---|
| | | | improved facilities to pupils with high needs. |
| Disabled Facilities Grant | New year allocation | 2.1 | 2021/22 Govt. grant allocation |
| | Budget allocation | (0.3) | Budget allocation to Adult Personal Social Care |
| | Budget allocation | (0.8) | Budget allocation to Extra Care Housing, Torre Marine |
| Adult Personal Social Care | Budget allocation | 0.3 | Budget allocation from Disabled Facilities Grant |
| Affordable Housing | Additional resources | 0.2 | Proceeds from Right to Buy Clawback receipts. |
| Extra Care Housing - Torre Marine | Rephased budget | (2.4) | Budget moved to 22/23 |
| Crossways, Paignton - Regen and Extra Care Hsg | Rephased budget | (13.5) | Remaining budget transferred to future years |
| St Cuthbert Mayne Expansion | Rephased budget | (0.5) | Budget moved to 22/23. Project expected to complete May 2022. |
| | Additional resources | 0.2 | Additional funding from School Conditions Alloc & Diocese contribution |
| Education Review Projects | School Conditions Allocation | (0.1) | Allocation to St Cuthbert Maybe Project |
| Mayfield Expansion | Rephased budget | (0.5) | Budget moved to 22/23. Project out to tender and expected to start on site October 2021. Completion expected July 2022 |
| Torvista - Loan | Rephased budget | (5.0) | Budget moved to 22/23. Current expectations are that the loan facility required in this financial year will be reduced. |
| Tor Vista Homes re Preston Down Road | Rephased budget | (3.0) | Budget moved to 22/23. Current expectations are that this project will not commence this year. |
| | Total | (21.9) | |
| Thriving Economy | | | |
| Claylands Redevelopment | Rephased budget | (0.2) | Latest review of estimated expenditure |
| | Additional resources | 0.7 | Contribution from tenant to fund additional works. |
| Growth Fund | Budget allocations and transfers | (0.1) | Allocation of £85,000 to TCCT Occombe Farm Development (Cabinet 23/03/21). |
| TCCT Occombe Farm | Budget allocation | 0.1 | Budget of £85,000 from Econ Growth Fund (Cabinet 23/03/21). |

| Scheme | Variation in 2021/22 | Change £'m | Reason |
|---|----------------------|------------|--|
| Harbour View hotel | Rephased budget | (0.5) | Budget moved to 2022/23 to reflect current spend profile. |
| Old Toll House | Rephased budget | (0.8) | Budget moved to 2022/23. There is a revised programme due to legal delays. |
| Public Passenger Transport - Bus | Additional resources | 0.1 | Funding of £50,469 from Section 106 receipts to cover additional costs on project. |
| Edginswell Business Park (purchase & develop land) | Budget transfer | (1.2) | Budget moved to 2022/23 to reflect current spend profile for agreed development. |
| Lymington Rd Business Centre (LEP GBF/EGF) | Budget transfer | (1.4) | Budget rephased to future years |
| RICC Improvements re Parkwood | Rephased budget | (0.2) | Budget rephased from future years |
| Torbay Leisure Centre (Parkwood Loan) | Reduced budget | (0.3) | Budget no longer required due to new decarbonisation scheme. |
| Edginswell Station | Rephased budget | (3.5) | Budget rephased to future years |
| Velopark Cyclocross & Pump Tracks | New scheme | 0.1 | Funded from British Cycling grant and contribution from Mid Devon Cycling Club |
| Paignton Coastal Defence Scheme | Rephased budget | (1.5) | Budget rephased to future years |
| Haldon Pier - Structural Repairs Ph 1& 2 | Rephased budget | (0.8) | Budget rephased to future years |
| Transport Highways Structural Maintenance & Bridges | Rephased budget | (0.1) | Budget rephased to future years to reflect current spend profile. |
| | Additional resources | 0.8 | 21/22 Highways Maintenance Fund Allocation of £809,000. |
| | Additional resources | 0.2 | 21/22 Highways Maintenance Incentive Element Allocation of £202,000. This is an <u>indicative</u> 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 |

| Scheme | Variation in 2021/22 | Change £'m | Reason |
|--|-----------------------------|---------------|--|
| | Additional resources | 0.8 | 21/22 Pothole Fund Allocation of £809,000. |
| Integrated Transport Programme | Rephased budget | (0.8) | Budget rephased to future years to reflect current spend profile. |
| | Additional resources | 1.1 | 21/22 grant allocation of £1,071,000. |
| Transport Western Corridor | Rephased budget | (0.3) | Budget rephased to future years for part 1 and noise insulation claims |
| Transport Schemes | Additional resources | 0.1 | Section 106 funding |
| | Total | (7.7) | |
| Climate Fit for the Future | | | |
| Torbay Leisure Centre Decarbonisation Scheme | New scheme | 1.9 | Grant funding from Dept for Business, Energy & Industrial Strategy |
| Solar Farm, Brokenbury | Reduced and rephased budget | (1.6) | Reduced and rephased budget |
| Nightingale Park Solar Farm | Rephased budget | (1.1) | Budget moved to 22/23 Note: Before Cabinet recommendation 24/8/21 |
| | Total | (0.8) | |
| Council Fit for the Future | | | |
| | Total | 0 | |
| Council Approvals awaiting proposals | | | |
| Growth Fund | Rephased budget | (52.7) | Budget moved to 22/23 |
| | Total | (52.7) | |
| Estimate – Quarter 1 2021/22 | | 57.1 | |

10.1. Further information on variations to scheme budgets is detailed below.

Thriving People and Communities

10.2. Disabled Facilities Grants – Government has announced the 2021/22 capital allocation of **£2.129m** within the Better Care Fund. £1m will be allocated to DFGs. £850k has been allocated to the Torre Marine Project. The remaining £279k will be allocated to Adult Personal Social Care projects.

10.3. Affordable Housing – in line with previous Council decision, the proceeds derived from Right to Buy Clawback receipts arising from sales of transferred ex Council housing properties has been used to support the provision of further affordable housing. The budget has been increased by **£0.2m**.

10.4. The Next Steps Housing project was delivered by Torvista. As a result this budget will be revised for future reports to reflect that change.

10.5. Extra Care Housing (Torre Marine) - a decision is required by the NHS for July to commit to placing clients in Torre Marine to secure the revenue arrangements in the

model. TDA estimate planning application in the autumn so work on site could be 2022/23. In line with this, **£2.4m** has been moved to 22/23.

10.6. Crossways – the project is around 9 months / one year behind. There is a compulsory purchase order (CPO) procedure underway that may result in a public enquiry in the autumn. In line with this, **£13.5m** has been transferred to future years however depending on the results of the CPO some spend maybe incurred in 2021/22.

Thriving Economy

10.7. Claylands Redevelopment - likely spend pattern has been reviewed allowing **£0.2m** to be rephased to future years. In addition to this, a contribution from Castings (tenant) has been agreed to cover additional works. **£0.7m** has been added to the budget in respect of this.

10.8. Lymington Rd Business Centre (LEP GBF/EGF) - The Environment Agency have imposed greater restrictions on the location being substantially in Flood Zone 3 and the revised Torbay Critical drainage area. The TDA have had to undertake new flood risk modelling and the on-going dialogue has caused delays. The project is not expected to start on site until January 2022. **£1.5m** has been rephased to 2022/23 accordingly.

10.9. RICC Improvements (Parkwood) - revised expenditure profile – project is underway following shutdown. **£1.3m** has been rephased to 2021/22 from future years to reflect current spend profile.

10.10. Torbay Leisure Centre (Parkwood Loan) - remaining loan no longer required due to new decarbonisation scheme at the Leisure Centre. The remaining **£0.3m** has been removed from the Capital Plan.

10.11. Edginswell Station – there is a revised programme. **£3.5m** has been rephased to future years. Future years budget now includes £3m Town Deal funding (approved by MHCLG) and £116k section 106 funding in addition to the £7.9m DfT New Stations Fund. £1.5m of Local Transport Block funding will be allocated to this project.

10.12. Velopark Cyclocross & Pump Tracks - new project following a successful Places to Ride application to deliver a pump track and cyclocross facility at Torbay Velopark. **£60k** scheme funded by British Cycling grant (£34k) and Mid Devon Cycling Club contributions (£26k).

10.13. Paignton Coastal Defence Scheme - detailed design works and preparation of planning application has been undertaken however, due to objections from local businesses, the Council have taken the decision to put the scheme on hold and undertake a review of the options before a planning application is submitted. As a result, it is unlikely that the planning application will be submitted until 2022, therefore the construction phase of the scheme will not commence until 2022/23. **£1.5m** has been rephased to future years accordingly.

10.14. Haldon Pier - Structural Repairs Ph 1& 2 - all works to the superstructure at Princess Pier have been completed. The business case is being prepared to complete the

structural rehabilitation works at both Haldon and Princess Piers. The business case will be submitted to the EA for grant in aid funding later this financial year. **£0.8m** has been rephased to 2022/23 accordingly.

Climate fit for the Future

10.15. Torbay Leisure Centre Decarbonisation Scheme – **£1.8m** new scheme.

Comprehensive decarbonisation scheme involving replacement of boilers with ASHPs and solar panels, replacement management systems and controls, lighting upgrade, battery storage, metering and upgrade to electrical system. Funded by Dept for Business, Energy & Industrial Strategy. Grant has been received.

10.16. Solar Farm, Brokenbury - budget was set according to maximum approval. The revised project estimate is lower than this budget. The borrowing requirement has been reduced by **£1m** accordingly and **£0.6m** budget has been rephased to 22/23.

10.17. Nightingale Park Solar Farm - phasing of spend reviewed with 50/50 split between 21/22 and 22/23 - **£1.1m** has been rephased to 22/23 accordingly. Total project cost currently being reviewed. Note figures in this report are prior to Cabinet 24/8/21.

Council Approvals with No Plans

10.18. Growth Fund – remaining budget of **£52.7m** moved to future years, pending development of proposals.

11. Receipts & Funding

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

| Funding | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | Totals @ Q1 21/22 (£m) |
|-----------------------|---------------|---------------|---------------|---------------|---------------------------|
| Unsupported Borrowing | 29 | 102 | 60 | 0 | 191 |
| Grants | 23 | 30 | 28 | 0 | 81 |
| Contributions | 2 | 1 | 0 | 0 | 3 |
| Revenue | 0 | 0 | 0 | 0 | 0 |
| Reserves | 1 | 0 | 0 | 0 | 1 |
| Capital Receipts | 2 | 2 | 4 | 0 | 8 |
| Total | 57 | 135 | 92 | 0 | 284 |

12. Capital Receipts

12.1. The approved Plan relies upon the generation of a total of £8.4m capital receipts from asset sales by the end of 2024/25. At 1 April 2021 the Council held a balance of £1.8m with nothing significant added by the end of July 2021, leaving a target of £6.6m still to be achieved. This target is primarily linked to the funding of the Crossways Development and the disposal or use of sites at Preston Down Road and Collation St Mary for housing.

13. Capital Grants

13.1. Ministry of Housing Communities and Local Government – Disabled Facilities grants 2021/22 of £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 to DFGs with the balance to Adult Social Care some of which £850k will be used to support the proposed Torre Marine (Extra Care Housing) redevelopment.

14. Capital Contributions – S106 & Community Infrastructure Levy

14.1. The Council's Capital Strategy states that capital contributions are applied to support schemes already approved as part of Capital Plan and are not allocated to new schemes unless the agreement with the developer is specific to a particular scheme outside the Capital plan.

14.2. No Section106 capital contributions have been received in 2021/22 to date.

14.3. The Council's Community Infrastructure Levy (CIL) scheme came into effect from 1 June 2017. The main capital project identified for funding from CIL receipts is the South Devon Highway. Some CIL funds are now being received and a percentage of these receipts are required to be allocated to local neighbourhood planning areas as the "neighbourhood proportion". £0.1m CIL has been received so far in 2021/22.

15. Borrowing and Prudential Indicators

15.1. The Council has continued its policy of using internal cash resources to temporarily fund capital spending and as such, no new borrowing was undertaken during the quarter. As at 30th June 2021 the Council's total borrowing was £391m. The Operational Boundary has not been breached being set at £590m in the approved Treasury Management Strategy. This limit is based on the expected maximum borrowing the Council would undertake in order to meet its Capital Financing Requirement.

15.2. The Treasury Management Strategy for 2021/22 was presented to Council on 11th February 2021 and contains more information on the Council's current and future borrowing requirements

16. Appendices:

16.1. Appendix 1 - Capital Plan summary – Quarter 1 2021/22