

**Meeting:** Overview & Scrutiny Board/Cabinet/Council

**Date:** 9 July /11 July/18 July 2024

**Wards affected:** All Wards

**Report Title:** Budget Monitoring – Outturn 2023/24

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

**Cabinet Member Contact Details:** Alan Tyerman, Cabinet Member for Finance  
[alan.tyerman@torbay.gov.uk](mailto:alan.tyerman@torbay.gov.uk)

**Supporting Officer Contact Details:** Ian Rowswell, Deputy Director of Finance,  
[ian.rowswell@torbay.gov.uk](mailto:ian.rowswell@torbay.gov.uk),

---

## 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 2023/24. This report is based on the final outturn position for the year ended 31st March 2024.
- 1.2. The Council has delivered an end-of-year surplus of £0.678m. This is an improved position on the forecast at Quarter 3, which projected an overspend. It is proposed that this surplus is used as follows:
- 1.2.1 £400k transferred to an earmarked capital reserve to assist with delivery of the Capital Investment Programme.
- 1.2.2 The balance transferred to Comprehensive Spending Review (CSR) reserve and used to fund one off activities to accelerate the delivery of Operation Brighter Bay.
- 1.3 The Council A revised 4-year Capital Investment Programme was approved as part of setting the 2024/25 budget, which showed a revised Outturn forecast of £58.5m against an initial budget of £90m for 2023/24. Total expenditure of £46.8m has been spent in this financial year in relation to this programme, funded from capital receipts, grants and contributions, reserves and revenue budget contributions, and long-term borrowing.

## 2. Recommendation(s) / Proposed Decision

---

### Recommendations for Overview & Scrutiny Board

- 2.1 That the Overview & Scrutiny Board notes the Council's revenue outturn position and makes any comments and/or recommendations to the Cabinet.
- 2.2 That the Overview & Scrutiny Board notes the Council's Capital outturn position and makes any comments and/or recommendations to the Cabinet.

### Recommendation for Cabinet/Council

- 2.3 That Cabinet recommends to Council:
  - 2.3.1 That Council notes the revenue outturn position and approves the transfer of the £0.678m end of year surplus as follows:
    - £400k transferred to an earmarked capital reserve to assist with delivery of the Capital Investment Programme.
    - The balance transferred to the Comprehensive Spending Review (CSR) reserve and used to fund one off activities to accelerate the delivery of Operation Brighter Bay
  - 2.3.2 That Council approve the addition of the Paignton and Preston coastal defence project, into the Capital Investment Plan at a value of £17.515m, subject to:
    - a) securing the required funding from the Environmental Agency (£9.441m), and
    - b) production of a compliant Full Business Case being discussed and supported at Capital Growth Board and approval from Cabinet (Outline Business Case attached as Appendix 4).
  - 2.3.3 That delegated authority be given to the Divisional Director of Economy, Environment and Infrastructure in consultation with the Section 151 officer and Portfolio Holder for Finance and Housing to award the contract of works for the delivery of the Paignton and Preston coastal defence project.
  - 2.3.4 Following receipt of £20m grant funding from the round 3 of Levelling Up Funds (LUF3) approval is given for feasibility funding to progress the following projects to the next stage:
    - 2.3.4.1 Brixham port infrastructure project. Initial allocation of £75k to be drawn down for feasibility works.
    - 2.3.4.2 Paignton tec park project - Initial allocation of £85k to be drawn down for feasibility works.

## 3. 2023/24 Revenue Budget Summary Position

---

- 3.1 The Council has had to manage national "cost of living" issues throughout 2023/24, arising from inflationary pressures, including utility and fuel increases and escalating housing rent costs.

- 3.2 The financial pressures on services and providers have been the highest they've been for many years. Between September 2022 and March 2023, when the 2023/24 budget was set, CPI inflation rates were over 10%. Prices have remained high throughout 2023/24, but inflation rates have steadily reduced with the annual CPI rate at March 2024 being only 3.2%. These reduced figures have been reflected within the Council's Medium Term Resource Plan.
- 3.3 The approved budget set by the Council for 2023/24 effectively reallocated resources to meet the demands from these additional cost pressures, and through robust challenge and monitoring, Officers have managed to deliver a balanced budget with a relatively small overall underspend.
- 3.4 The table below provides a summary of the Outturn position across Council Services, along with the movement from the figures reported in Quarter 3.

Service	Budget £m	Final Outturn £m	Variance £m	Forecast at Q3 £m	Movement since Q3 £m
Adult Services	51.559	52.129	0.570	1.030	-0.460
Children's Services	50.338	51.210	0.872	0.991	-0.119
Corporate and Executive Services	12.676	12.853	0.177	0.363	-0.186
Finance Services	-12.859	-16.228	-3.369	-2.100	-1.204
Investment Portfolio	-4.134	-4.134	0.000	0.000	0.000
Pride in Place Services	22.940	24.054	1.114	0.513	0.601
Public Health Services	10.430	10.420	-0.010	0.000	-0.010
<b>Revenue sub-total</b>	<b>130.950</b>	<b>130.304</b>	<b>-0.646</b>	<b>0.797</b>	<b>-1.378</b>
Sources of Finance	-130.950	-130.982	-0.032	0.000	-0.032
<b>Revenue Over/Under spend</b>	<b>0.000</b>	<b>-0.678</b>	<b>-0.678</b>	<b>0.797</b>	<b>-1.410</b>

- 3.5 The underspend against Finance Services, mainly from Treasury Management and higher interest rates, has offset several overspends during the year. Many of these pressures have been addressed through 2024/25 budget setting and will continue to be managed and monitored to reduce the risk of these overspends arising again.
- 3.6 The outturn for the council in 2023/24 has improved compared with the last forecast made at Quarter 3. Variances across services will be reviewed with the aim of identifying lessons to learn for the future and which budgets require further review and more robust monitoring throughout 2024/25. The improved position is primarily down to income received on cash

balances being greater than the levels forecast and income from the Devon-wide business rates retention pool being higher than budgeted.

- 3.7 Funds carried forward in previous years and held in specific reserves have been deployed effectively to support the reduction of long-term costs, as well as providing a pathway to deliver on the approved 2023/24 budget.
  - 3.8 Appendix 1 provides a summary of the agreed budget savings for 2023/24, showing whether these saving proposals have been achieved. Further details of the savings can be found within the published budget papers - [proposals-for-efficiencies-income-generation-and-service-change.pdf \(torbay.gov.uk\)](https://www.torbay.gov.uk/sites/default/files/2023-09/proposals-for-efficiencies-income-generation-and-service-change.pdf). Almost 70% of the total savings have been delivered.
- 

## 4. Collection Fund

---

- 4.1. The Collection Fund reserve is set to meet the impact of shortfalls within collection rates for both Council Tax and Business Rates. No drawdown against this reserve was required in 2023/24.
- 4.2 In-year income collected from Council Tax in 2023/24 was slightly ahead of forecasts at 96.13%, a return to pre Covid-19 levels. However, collection levels for business rates income were slightly below forecast, at 94.77%. It is thought that the impact of rising inflation and general costs increases is the main reason for this reduction. We will continue to explore opportunities to increase our overall collection rates moving forwards.
- 4.3 Local authorities received additional funding in 2023/24 relating to compensation for their share of income loss following implementation of the green plant and machinery exemption in 2022 to 2023. Torbay Council received £0.051m, which was not budgeted for. This contributes to the underspend of £0.032m against 'Sources of Funding', shown in para 3.4 above.

## 5. Wholly Owned Companies

---

- 5.1 SWISCo. continued to experience financial pressure in terms of operational delivery throughout 2023/24 - mainly due to higher material and fuel costs and a decrease in the value and therefore income from recyclable materials. These pressures were in addition to a £0.250m budget reduction relating to efficiency savings. The pay award again had a disproportionate percentage impact on SWISCo given the higher proportion of staff on below average salary rates. The Council has an agreement with SWISCo to fund any additional costs arising from pay awards and as a result provided an additional £0.391m of funding specifically to meet the shortfall. Despite the additional pressures and savings targets included in the 23/24 budget, the company met its target to break even during the year.
- 5.2 Torbay Economic Development Company, (TEDC), Limited is forecasting a profit of £0.407m for 2023/24, which included a reported loss in the subsidiary company, TorVista Homes, of

(£0.303m). TEDC returned into Council management in April 2024 and we are continuing to work through the company closedown and transfer of assets and contracts.

- 5.3 Torbay Education Limited, which is run with an objective to breakeven, returned a small surplus of £22,000 for the year which is retained in the company's books.
- 5.4 More detailed financial reporting about the Council's wholly owned Companies will form part of the final statement of accounts, when presented to Audit Committee.

## 6. Statement of Accounts – 2021/22, 2022/23 and 2023/24

- 6.1 The Council's 2021/22 Statement of Accounts are anticipated to be signed off at Audit Committee in July 2024. The accounts have not been signed in line with the Government's Statutory deadline, which is an issue that is common across many Councils. The audit of the 2021/22 accounts has taken a significant amount of time due to a number of challenges, particularly continuing issues in the local external audit market.
- 6.2 The government recently consulted on options to resolve the nationwide issue of the high volume of accounts that have not had an audit opinion issued. The consultation proposed a 'backstop' option which enable auditors to 'sign off' outstanding accounts by 30 September 2024 with minimal, if any, audit work being completed. Therefore, it is expected that the 2022/23 accounts for Torbay Council will not receive a full audit.
- 6.3 The ongoing audit of accounts has had an impact on preparation of the 2023/24 accounts and many Councils, including Torbay, were unable to publish their unaudited accounts for public inspection by 31 May 2024. We did however publish the 2023/24 Statement of Accounts in mid-June and these will receive a full audit from Grant Thornton later this year.

## 7. Service Budgets

### Adults and Community Services

Service	Budget £m	Final Outturn £m	Variance £m	Forecast at Q3 £m	Movement since Q3 £m
Housing Options, incl. Temporary Accommodation	1.329	1.768	0.443	0.740	-0.297
Homelessness prevention	0.145	0.344	0.199	0.255	-0.056
Cemetery and Crematoriums	-0.897	-1.014	-0.117	0.000	-0.117
Other minor variances			0.045	0.035	0.010
<b>Outturn position</b>	<b>51.559</b>	<b>52.129</b>	<b>0.570</b>	<b>1.030</b>	<b>-0.460</b>

- 7.1 Overall Adults and Community Services overspent by £0.570m. The table above highlights the areas that contributed to the Outturn variance. This was mainly due to overspends against budgets relating to the provision of temporary accommodation to individuals/families and the prevention of homelessness.

- 7.2 Temporary Accommodation and homelessness remains a national issue, fuelled by the 'cost of living' crisis. There remains considerable demand pressure in the local housing market, with a lack of affordable 'move-on' accommodation and limited availability of temporary options for individuals and family groups in need of temporary accommodation (TA).
- 7.3 Activity on the prevention of homelessness has been effective and although spend in this area has exceeded budget it has limited the number requiring temporary accommodation and associated spend. The number of households in TA peaked at 165 in October 2023 but reduced to 121 in March 2024.
- 7.4 A decision was made in 2022/23 to spend £10m on procuring properties to improve the stability and cost of accommodation options available to the Housing Options team. All 32 homes have now been acquired, providing a more traditional 'home' setting for individuals currently in Temporary Accommodation and reducing the use of more expensive spot purchased accommodation.
- 7.5 Within Adult Social Care the majority of spend is against a fixed price financial arrangement (contract) for the delivery of services provided through the Integrated Care Organisation (ICO). Due to these financial arrangements with the ICO there is no financial impact on the Council budget, despite the increasing pressures within the sector. The 2023/24 spend is in line with the revenue budget set.
- 7.6 The Council signed a new, five year, extended contract with the ICO in March 2024 which will run from the 2025/26 financial year. This contract will enable the Council to plan with a degree of financial certainty over the coming years which will feed into our Medium-Term Resource Plan (MTRP). Collaborative work is underway between Council & NHS colleagues on the Adult Social Care Improvement Plan (ASCIP) to manage overall spend within the system as there remain significant cost pressures over and above the set budget.
- 7.7 There was an end of year underspend of £116,000 on the Cemetery and Crematorium budget, due to rental income received exceeding the budget.

### Children's Services

Service	Budget £m	Final Outturn £m	Variance £m	Forecast at Q3 £m	Movement since Q3 £m
Care Placements including Unaccompanied Asylum-Seeking	21.431	22.968	1.537	1.548	-0.011
Home to School Transport	3.818	4.252	0.434	0.312	0.122
Section 17 - intervention & support.	0.480	0.592	0.112	0.070	0.042
Net staffing underspend across various CS teams/services.	19.573	18.681	-0.892	-0.829	-0.063
Recruitment and Retention	0.582	0.383	-0.199	-0.140	-0.059
Disabilities Service - Refund of unused Direct Payments	-0.090	-0.231	-0.141	0.000	-0.141

Other minor variances			0.021		0.030	0.009
<b>Outturn Position</b>	<b>50.338</b>	<b>51.210</b>	<b>0.872</b>		<b>0.991</b>	<b>0.119</b>

- 7.8 Overall Children's Services overspent by £0.872m. The table above highlights the areas that contributed to the Outturn variance.
- 7.9 The cost of placing children in care, including Unaccompanied Asylum-Seeking Children (UASC), continues to be the main reason for the overspend and totals £1.537m of the variance. Despite the overall numbers of cared for children being lower than previous years, significant shortages of suitable available placements are driving up costs within the market. Price increases since 2021/22 are in excess of 30% in residential and unregulated/unregistered placements. The legislation on unregulated placements changed in September 2022 and continues to result in further pressure on this budget into 2023/24.
- 7.10 The Home to School Transport budget overspent by £0.434m as a result of increasing costs relating to existing routes. A thorough review of provision is current being undertaken, including a review of single occupancy taxis and the promotion of independent travel.
- 7.11 Expenditure relating to support for children in need under Section 17 of the Children Act 1989, was over budget by £0.112m. This spend also covered areas such as housing support and ensured the Council met its duty to safeguard the children and promote their welfare.
- 7.12 Underspends in staffing budgets totalling (£0.892m) and in recruitment and retention budgets (£0.199m) have helped to offset these pressures across the Directorate.
- 7.13 Agency costs have been a significant financial pressure in recent years, but following successful recruitment and retention within the service, the total agency costs for 2023/24 totalled £2.3m compared with spend in 2021/22 of £4.9m. We are now seeing significantly increased salary expectations within the agency market and stiff competition from other Councils that are offering increased hourly rates to stabilise their own workforces and it is therefore an area that needs continued focus moving forward.
- 7.14 There was an underspend on the Disabilities Service of (£0.141m), resulting from a refund of unused direct payments, which was greater than had been budgeted.
- 7.15 Outside of Local Authority funded activities, the schools' higher needs block in the Dedicated Schools Grant, (DSG), remains under financial pressure from high levels of referrals for assessment for higher needs support for children.
- 7.16 The Council is part of the Education and Skills Funding Agency (ESFA) and Department for Education (DfE) Safety Valve programme, which supports councils in achieving future financial sustainability in this area. If the council can deliver on its recovery plan and achieve a balanced higher needs budget, all the historic DSG deficit will be written off, through additional funding by ESFA.
- 7.17 Torbay Council has already received £7.270m from the ESFA in response to its recovery plan, without which the DSG cumulative deficit was forecast to be £12.756m by the end of

the financial year. For 2023/24 the DSG overspend was £1.024m, in line with the forecast deficit within the agreed safety valve plan. It is critical that the Council continues to deliver on its recovery plan.

### Corporate and Executive Services

Service	Budget £'000	Final Outturn £'000	Variance £'000	Forecast at Q3 £m	Movement since Q3
Legal Services	1.336	1.698	0.362	0.416	-0.054
HR Services	0.974	0.853	-0.121	-0.034	-0.087
Policy, Performance and Comms	0.733	0.634	-0.099	-0.044	-0.055
Other Minor Variances			0.041	0.025	0.01
<b>Outturn Position</b>	<b>12.677</b>	<b>12.853</b>	<b>0.177</b>	<b>0.363</b>	<b>-0.186</b>

7.18 There is a total overspend for Corporate and Executive Services totalling £0.177m. The table above highlights the areas that contributed to the total Outturn variance.

7.19 The overspend is mainly due to spending pressures within Legal Services (£0.362m overspend), which is a national issue affecting Councils. This is a result of the difficulties the service continues to face in recruiting permanent staff to meet levels of demand. This has meant the service have had to use more expensive agency staff to continue delivering legal support to services across the Council.

7.20 The Council has struggled to compete with the salaries paid by other organisations – both within the private and public sector. The service is now applying additional market factors in the hope this will make a difference to their ability to recruit and reduce their requirements of agency workers. The Director for Corporate Services is working closely with the Head of Legal Services to mitigate the ongoing impact of these pressures in future years.

7.21 Within Corporate and Executive Services, there are some underspends forecast across other teams and service areas, which are partially offsetting the overspend within Legal Services, particularly within HR Services (£-0.121m) and Policy and Performance and Communications (£-0.099m).

### Finance Services

Service	Budget £m	Final Outturn £m	Outturn Variance £m	Forecast at Q3 £m	Movement since Q3 £m
Treasury Management	19.275	16.307	-2.968	-2.000	-0.968
Business rates retention from Devon pool.	-0.900	-1.208	-0.308	0.000	-0.308



Other Minor Variances			-0.093	-0.100	0.007
<b>Outturn position</b>	<b>-12.859</b>	<b>-16.163</b>	<b>-3.369</b>	<b>-2.100</b>	<b>-1.269</b>

7.22 There is a total underspend for the Council's Finance Corporate Cost Centres, (including central Government grants), totalling (£3.304m). The table above highlights the areas that contributed to the Outturn variance.

7.23 The underspend is mainly a result of increased interest rates, being applied on investments. This means the Council has earned higher levels of interest on its current cash balances than was budgeted for 2023/24. Given the current low levels of spend on Capital projects, there has also been a saving on interest payable by the Council as lower levels of spend activity means lower amounts borrowed, therefore reduced interest paid by the Council.

7.24 Torbay Council also received (£0.308m) more income from the Devon-wide business rates retention pool than was budgeted, resulting from business rate income across the pool membership exceeding expectations in totality.

### Investment Portfolio

Service	Budget £m	Final Outturn £m	Outturn Variance £m	Forecast at Q3 £m	Movement since Q3 £m
Outturn position	(4.6)	(4.6)	0	0	0

7.25 The Council's Investment Portfolio reported a net revenue contribution, after the use of the investment property reserve to cover lost rent, holding costs of vacant premises and landlord works.

7.26 This means the Council's investment portfolio has contributed £4.6m towards Council activity and has maintained its Investment Fund Reserve which will help offset future pressures as and when they arise.

### Pride in Place Services

Service	Budget £'000	Final Outturn £'000	Variance £'000	Forecast at Q3 £	Movement since Q3
Place Operations:					
- Torre Abbey	0.314	0.429	0.115	0.100	0.015
- Parks and green infrastructure	1.938	2.055	0.117	0.014	0.103
- Management fee to TCCT	0.315	0.491	0.176	0.170	0.006
- Leisure and sport	0.145	0.245	0.098	0.000	0.098
- Highways	3.243	3.038	-0.204	-0.050	-0.154
- Car Parking	-6.115	-6.341	-0.226	0.000	-0.226
- Waste services	12.958	12.993	0.035	-0.070	0.105
Planning and Transport:					

- Development Control	0.492	0.845	0.353	0.150	0.203
- Land charges	-0.258	-0.193	0.065	0.070	-0.005
- Concessionary fees	3.546	3.412	-0.134	0.000	-0.134
- Building Control	0.125	0.202	0.077	0.100	-0.023
-					
Place Commissioning:					
- TDA contract fee overspend	1.018	1.348	0.330	0.000	0.330
- Various TDA client budgets	3.130	3.384	0.254	0.009	0.245
Other Minor Variances			0.058	0.020	0.038
<b>Outturn position</b>	<b>22.940</b>	<b>24.054</b>	<b>1.114</b>	<b>0.513</b>	<b>0.601</b>

7.27 Within the Pride in Place directorate there was a total overspend of £1.114m. This was higher than forecast due to some transfers from reserves not being actioned and overspends being funded from within the overall General Fund budget. The table above highlights the areas that contributed to the total Outturn variance, with further detail below.

7.28 Place Operations:

- a. Within Torre Abbey income, there was a £0.115m shortfall, mainly due to income from weddings and the café returning lower income than budgeted.
- b. The overspend within Parks and Green infrastructure mainly relates to additional expenditure required on recreation and park services (£0.071m) as well as on public toilets (£0.031m).
- c. An overspend of £0.170m related to the management fee paid to the Torbay Coast and Countryside Trust for management of land leased to the Trust by the Council. This provides protection and enhancement of Torbay's natural heritage for the benefit of the community and visitors. The additional fee is to provide short term support, whilst the Trust implements a number of measures to improve its financial sustainability.
- d. An overspend of £0.098m occurred within the Leisure and Sport service, mainly because of additional energy costs, plus income being below budget.
- e. There was an underspend of (£0.204m) across Highways budgets, mainly due to savings on energy costs relating to streetlighting and traffic signals.
- f. Across Car Parking budgets there was a total underspend of (£0.226m). On-street car parking budgets ended up breaking even, with income from off-street parking being slightly lower than budgeted. This shortfall is offset by underspends within Parking Enforcement – mainly income above budget and vacancy savings (-£0.452m).
- g. The Waste Collection service was overspent by £0.684m, mainly due to the Garden waste service being short of the budgeted income target by £0.550m. The number of subscribers in the first year of operation was lower than the levels anticipated. A contribution from the Waste reserve of £0.150m was planned but this has not been actioned due to underspends within the Waste Disposal budget, offsetting these overspends. Underspends of (£0.649m) arose due to waste disposal levels and

associated costs being lower than forecast, plus additional profit share income from the Waste Partnership.

#### 7.29 Planning and Transport:

- a. Development Control budgets overspent by £0.353m, mainly due to additional expenditure on professional fees and agency staff, plus income levels being lower than budgeted.
- b. Other Planning budgets were overspent by £0.065m, due to income from land charges being lower than budgeted, although slightly better than previous projections.
- c. There was an underspend on the Concessionary fares budget at year end totalling (£0.134m) as usage and associated costs were lower than budgeted, especially in the final quarter of the year.
- d. Building control fee income was lower than budgeted and was the main reason for the £0.077m overspend.

#### 7.30 Place Commissioned:

- a. The TDA commissioning fee budget overspent by £0.330m due to an increase in commissioned work from the Council and additional cost pressures. This has not been funded from reserves as planned and accounts for a large proportion of the movement between Q3 forecast and the Outturn position.
- b. There was a net overspend across the TDA client budgets of £0.254m, despite savings in utility and NNDR budgets. The main overspends relate to costs exceeding budget on Paignton Library Hub (£0.122m), Oldway Mansion (£0.074m) and programmed/reactive repairs (£0.058m), plus a shortfall of income against the asset disposal budgets (£0.067m).

### Public Health Services

Service	Budget £'000	Final Outturn £'000	Outturn Variance £'000	Forecast at Q3 £	Movement since Q3
Public Health	10.430	10.420	-0.010	0	0

7.31 Overall Public Health presents a balanced position, with only a small overall underspend of £0.010m. There was an underspend of £0.061m within the ring-fenced grant, which has been carried forward to 2024/25 for funding Public Health priorities in future years.

7.32 A significant amount of spend relates to the provision of 0-19 services, which is expected to see increased spending pressures in future years, plus increases in the Sexual and Reproductive Health contract. A project group has been set up exploring future options for re-procuring these services in future years within the resource envelope available.

## 8. One-off allocations and ring-fenced reserves

---

- 8.1 At year end the Chief Finance Officer transferred unspent “one off” budget allocations to reserves to be spent in future years. In addition, funds unspent from other earmarked or ring-fenced funding streams were also carried forward such as funds held for Adult Social Care and Public Health.
- 8.2 The net 2023/24 underspend across the council enables the £0.678m outturn surplus to be transferred to reserves. It is proposed that £0.4m is moved into a specific earmarked reserve which will assist the Council in the re-prioritisation, and ultimate delivery, of the Capital Investment Programme. Revenue costs will be required to continue with design and feasibility work for specific schemes alongside bolstering capacity, and skills, in project delivery, which will assist delivery in the future. It is proposed that £0.278m is moved into the CSR reserve to fund one off expenditure to accelerate delivery of Operation Brighter Bay.
- 8.3 The Section 151 Officer provided a report on Reserves to Council, in February 2024, as part of the 2024/25 budget setting papers. These Reserves will be reviewed in more detail over the coming months and ultimately feed into the budget setting process for 2025/26.

## 9. Capital Outturn 2023/24

---

- 9.1 In 2023/24 the Council spent £46.8m on capital projects, compared with an initial budget of £90m and a revised budget of £58.5m. This spend is part of a wider 4-year capital programme approved as part of the 2024/25 budget setting process.
- 9.2 The spend for each project compared to budgets is shown in Appendix 2 to this report, which also highlights estimated scheme costs and spend in previous years.
- 9.3 The level of cost inflation on construction contracts remains high and along with supply chain issues have impacted on the “pace” of spend and capital expenditure for the year being less than forecast. The balance on unspent capital budgets will be transferred into future years.
- 9.4 There were over 30 separate projects that incurred spend over £100k. This demonstrates the breadth and scale of projects a unitary council like Torbay is involved with, over a wide range of services including highways, schools, housing and regeneration. Eleven projects incurred spend greater than £1m, with the largest spend of £10.4m relating to the Harbour View Hotel development.
- 9.5 Appendix 2 shows that the funding of the capital spend on 2023/24 was broadly in line with forecasts - primarily funded from capital grants (£15.9m) and from unsupported borrowing (£27.8m). These were supplemented by capital receipts, revenue and external contributions such as s106 payments and the use of reserves.
- 9.6 The Council, due to its cash flow did not borrow any additional funds during the year and remained within both its operational and authorised (borrowing) limits. Further detail will be included within a separate Treasury Management outturn report to Audit Committee.

- 9.7 The Council has received confirmation of a successful grant applications for the sum of £20m of capital funding from the Levelling Up Partnership (LUP). The grant funding is to be committed by March 2025 and the 2024/25 Q1 monitoring report will provide further details on the projects to be supported with this funding.
- 9.8 More urgent approval is required however on one of the projects to enable the procurement phase and further development of the business case. This relates to the Paignton and Preston coastal defence project which would receive £7m of this grant, to fund the estimated £17.515m costs. If costs were to increase and exceed estimates (including contingencies), then re-scoping of the public realm works would be required to scale the final works within budget. A recommendation is included above for approval to proceed with this project.
- 9.9 In addition to the LUP funds, Torbay Council have also been successful in our application for the third round of Levelling Up Funds (LUF3) to support the Brixham port infrastructure and Paignton technology park projects. Subsequently, Torbay was awarded £20m, which has been allocated between these projects for delivery by March 2026. The cost is estimated at £25.415m, with Torbay Council required to match fund a total of £5.4m through supported borrowing, subject to an approved business case.
- 9.10 Approval is required for feasibility funding to progress these projects to the stage where there is further transparency and understanding of full project costs, risks and revenue funding streams to fund the borrowing costs.

## 10. Risks & Sensitivity

---

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

Risk	Impact	Mitigation
Financial sustainability and write off of the DSG Deficit	High	The Council has a recovery plan approved with the Department for Education's Safety Valve programme.
Adult Social Care funding is not sufficient to meet forecast costs	High	A new five-year contract has been agreed from April 2025 and the Director of Adult Social Care is developing a range of intervention activity and savings plans, in collaboration with Health Trust colleagues.
Price increases from high inflation rates continue to have an impact on both revenue and capital costs.	Medium	The 23/24 budget included a higher than usual allowance for inflationary pressures and contingencies are held for revenue and capital.

The “cost of living” economic impact on the Council’s residents from higher fuel and utility costs is likely to impact on both demand for council services and may result in reduced income from council tax.	Medium	The Council will continue to mitigate where possible the impact on council services and support/signpost residents to support.  The council will continue to administer payments under both the Household Support Fund and Council Tax Rebates.
Unable to recruit staff and need to use agency staff.	High	Work continues to identify solutions to these challenges which seem to be on a national scale.  Recruitment & retention of Social Work staff and Legal services staff continues to be challenging.
Delivery of financial sustainability plans	High	Plans will be monitored at Directors meetings to assess progress and estimates of future saving levels.
Investment Property Income changes	High	The Investment Board will continue to review future leases and manage any potential break clause implications – maintaining appropriate balances within the Investment Reserve
Temporary Accommodation – increasing demand and cost pressures within the local housing market.	High	Robust monitoring will continue, including assessing the impact from directly procuring and properties to increase the stability of accommodation options available to the Housing Options team

## 11. Appendices.

---

- 11.1. Appendix 1 – Monitoring of agreed 23/24 Savings
- 11.2 Appendix 2 - Capital Plan Summary – Outturn position for 2023/24
- 11.3 Appendix 3 – Write offs over £5,000 – EXEMPT
- 11.4 Appendix 4 – Outline Business case for Preston and Paignton sea defence scheme - EXEMPT

## APPENDIX 1

Monitoring of savings appearing on 23/24 published budget papers				
Description of saving/efficiency	Directorate	£m	Achieved?	Comments
Harbour Health and Safety post to be funded by Harbours	Adults & Community	-0.050	Partial	Part achieved for £40k salary cost
CCTV - contribution from Fleet Walk	Adults & Community	-0.050	Yes	Achieved - budget adjusted
Home to School Transport	Childrens	-0.067	No	Pressures remain in H2S Transport
Reduction in agency costs	Childrens	-0.030	Yes	Savings achieved
Removal of Transformation post	Corporate	-0.060	Yes	Achieved - budget adjusted
Digitalisation within electoral services	Corporate	-0.010	No	Not yet achieved
Use of MS365 - security	Corporate	-0.020	Yes	Savings from New E365 licences - from Jan 24
Town Hall - savings from reduced usage	Place/Corporate Services	-0.100	Partial	Behind target on achieving savings
Transport post funded from capital	Place	-0.050	No	Issues flagged and listed as budget pressure
SWISCO efficiencies	Place	-0.250	Yes	Achieved - budget adjusted
Climate change savings offsetting borrowing costs	Place	-0.060	No	Issues flagged and listed as budget pressure
Increased recycling reducing costs of waste disposal	Place	-0.055	Yes	Achieved - budget adjusted
Increased income from Section 38 highways works	Place	-0.010	Yes	Savings achieved
Marketing costs to picked up externally	Place	-0.006	Yes	Budget adjusted and no issues
Increased income from events	Place	-0.033	No	Pressures emerging at Q1
Reduce net costs of Torbay Airshow - sponsorship	Place	-0.027	N/A	Additional budget found to reverse saving
TDA to fund borrowing costs of regeneration schemes	Finance	-0.200	N/A	Additional budget found to reverse saving
<b>Total published savings</b>		<b>-1.078</b>		
Savings achieved		-0.481	45%	
Savings n/a		-0.227	21%	
Savings partially achieved		-0.150	14%	
Savings not achieved		-0.220	20%	
		<b>-1.078</b>	<b>100%</b>	