

**Meeting:** Overview & Scrutiny Board

**Date:** 22<sup>nd</sup> January 2020

**Wards Affected:** All Wards

**Report Title:** Budget Monitoring 2019/20 – Quarter Three

**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

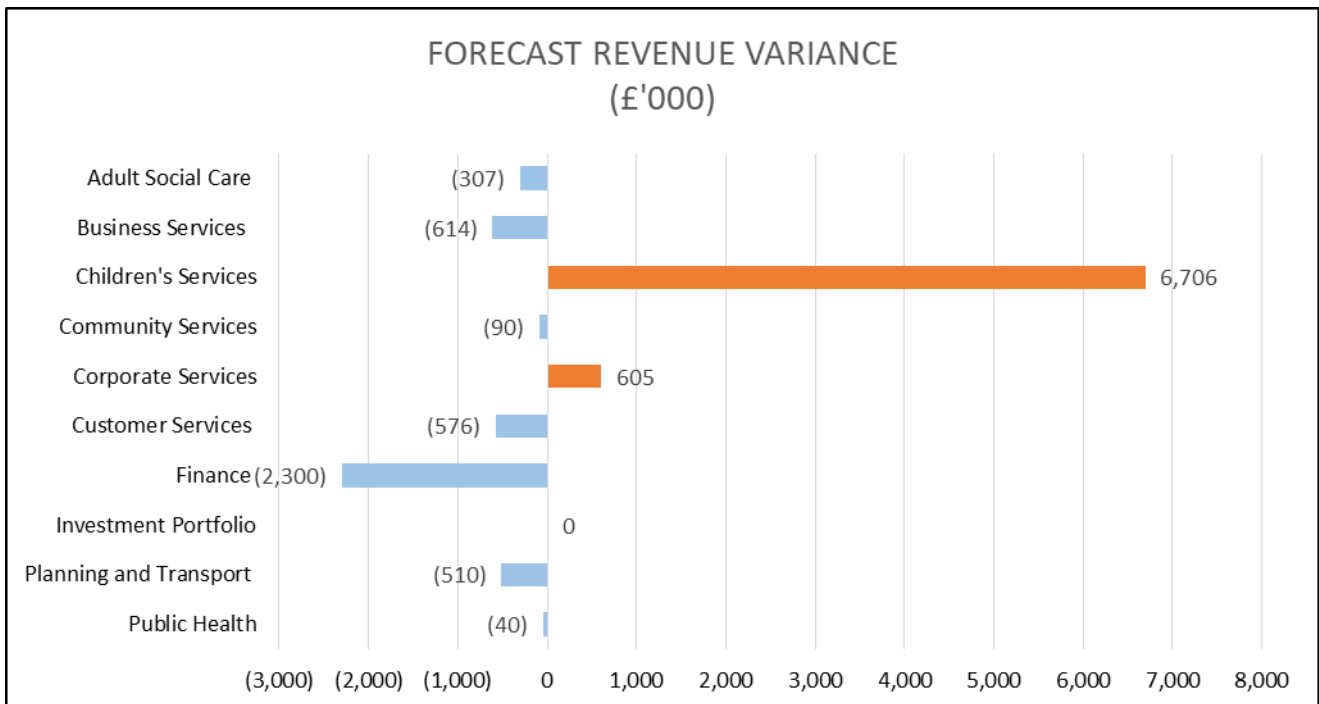
1. This report provides a high level budget summary of the Council's forecasted revenue and capital income and expenditure for the financial year 2019/20. This report is based on figures as at the end of Quarter 3, 31<sup>st</sup> December 2019.
2. The Council's **Revenue** budget remains under significant pressure. The Council is forecasting an overspend on its service expenditure at Quarter 3 of £2.87m. However this does represent an improvement of £0.91m compared with Quarter 2 report.
3. This improved position reflects the continued work of Council officers to identify in year savings to mitigate overspends within Children's Services and Corporate Services. As a result of the improved financial position the use of previously identified one off funding and use of reserves has been reduced.
4. Children's Social Care remains the main source of financial pressure, forecasting an overspend at Quarter 3 of £6.7m.
5. The Capital Plan Budget has been updated for any further revision to both projects and timing, resulting in the latest revision attached at Appendix 1. The Plan now totals £394m over the 4 year period of which £125.4m relates to 2019/20 and £143m relates to 2020/21.

## 2. Recommendation (s) / Proposed Decision

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. That the Overview & Scrutiny Board note the latest position for the Council's Capital expenditure and funding for 2019/20 and make any comments and/or recommendations to the Cabinet.

## 2. 2019/ 2020 Revenue Budget Summary Position

- 2.1. The below graph shows a visual breakdown, highlighting budget variance for each service,



### Children's Social Care

- 2.2. The current forecast of £6.7m overspend represents an increase of £0.4m since Quarter 2. Whilst there hasn't been an improved financial position, there are green shoots of change as the raft of work undertaken seems to have stabilised the financial position when compared with the historic trends.
- 2.3. The main pressure area is Looked After Children (LAC). The overall LAC numbers remain between 355 – 360. Compared with Quarter 2 there have been some improvements in the mix of placements. In house foster placements have increased by 8 (118 to 126) and there has been a reduction to Residential Placements of 5 (44 to 39).

- 2.4. Work continues within the service to ensure that each child has a clear plan ensuring their needs and outcomes are being met in the most appropriate setting and wherever possible, that these are met in a family based setting.
- 2.5. Whilst there is an improvement to the number of residential placements these high cost placements remain a significant risk as any increase to the numbers of residential placements causes significant financial pressures. The current average placement cost per week is £4,700 which equates to an average annual cost of £245k per placement.
- 2.6. The figures in this report factor in individual plans for the children who are currently looked after. Increases to placement numbers without a reduced demand elsewhere would further increase the service overspend as would any extensions of placements where there are planned end dates.
- 2.7. Additional corporate resources and support continues to be available to support the senior leadership team of Children's Social Care. This includes weekly meetings chaired by the Chief Financial Officer with the Chief Executive, Director for Children's Services and Director of Corporate Services and Deputy Head of Finance. These meetings are focused on the financial recovery plan of the service. This recovery will be underpinned by the implementation of best practice across all aspects of operational service delivery.
- 2.8. As set out in the Draft 2020/21 budget papers there is a recommendation for Children's Services to receive a "real terms increase in budget for that service of over £9.8m to a total of £46.5m". This increase reflects the current level of demand and cost pressures faced as well as providing a significant investment in service capacity.

#### Higher Needs Block – Special Education Needs

- 2.9. The schools' higher needs block in the Dedicated Schools Grant (DSG) has been under financial pressure as a result of an increasing level of referrals from schools for higher needs support for children. For 2019/20 there is a forecast in-year overspend of £1.021m, after the one off £1.4m "disapplication" transfer of funds between the funding blocks in the DSG. The Council does not receive any funding for schools therefore the over spend will remain in the DSG to be funded in future years and is not a cost that the Council will fund. The cumulative deficit balance brought forward from 2018/19 was £2.7m. As a result the DSG reserve is forecast to be a £3.7m deficit by the end of 2019/20.
- 2.10. The Spending Round announced in September allocated £700m nationally to support Special Education needs. Torbay's allocation for 2020/21 is £1.5m which, although welcomed is not sufficient to meet the level of demand faced by the Higher Needs Block.
- 2.11. Representatives from the School Forum are meeting in March 2020 with the Education & Skills Funding Agency (ESFA) to discuss the proposed financial recovery plan that was submitted to the ESFA earlier in the 2019/20 financial year.

### £300m Investment fund

- 2.12. Investment Fund has spent £155m in previous years, and has £80m profiled for spend this year. Further detail is available in Appendix 1.
- 2.13. The TDA are actively identifying investment opportunities on behalf of the council. These opportunities will be presented to Cabinet for a decision as to whether or not to progress if and when they are identified as viable investments. The final purchases are subject to due diligence checks, including independent valuations. The Council approved investment boundary is the Greater South West peninsula and the Functional Economic Market Area (FEMA).

### Economic Growth Fund

- 2.14. At Cabinet on 1<sup>st</sup> October 2019 the criteria for use of the Economic Growth Fund was approved. Approval of projects brought forward has been delegated to Cabinet.
- 2.15. The Fund, combined with the previous Town Centre Regeneration approval of £25m, gives a total budget of £125m. Further detail of current projects is available in Appendix 2.

### 3. Service Budgets

3.1. The budget position for each service is shown in the table below:

Torbay Council Revenue Q3 2019/20	Budget £000s	Forecast £000's	Variance £000's	Variance reported at Q2 £000's	Movement £000's
1. Adult Social Care	38,103	37,796	(307)	(200)	(107)
2. Business Services	13,523	12,909	(614)	(255)	(359)
3. Children's Services	36,159	42,865	6,706	6,331	375
4. Community Services	1,824	1,734	(90)	(180)	90
5. Corporate Services	5,227	5,832	605	551	54
6. Customer Services	2,830	2,254	(576)	(455)	(121)
7. Finance	866	(1,434)	(2,300)	(1,706)	(594)
8. Investment Portfolio	(4,135)	(4,135)	0	(0)	0
9. Planning and Transport	7,282	6,772	(510)	(256)	(254)
10. Public Health	9,689	9,649	(40)	(40)	0
<b>Revenue total</b>	<b>111,368</b>	<b>114,242</b>	<b>2,874</b>	<b>3,790</b>	<b>(916)</b>

Mitigating Actions	£'000
11. Use of Reserves	(2,874)
<b>Net Overspend / (underspend)</b>	<b>0</b>

Please note the table above shows figures rounded to the nearest £1,000 and now only shows the service budgets “above the line” expenditure which is a change from the previous reports brought to this committee. The impact of this is the Budget and Forecast figures are adjusted to remove internal recharges. The revenue total and variances are **unaffected** by this change in format.

3.2. A narrative of the position in each service area is as follows;

1. Adult Social Care - Underspend £307k

The majority of this budget is spent against a fixed, £40m contract with the ICO. Within the remaining discretionary budgets there are a number of identified contractual savings which have been offered to mitigate the in-year financial position for the Council.

2. Business Services – Underspend £614k

The forecast for Business Services has continued to improve.

Overall car parking income is forecasting a surplus of £260k. This represents improved income related to on street parking and enforcement activities, offset in part by a shortfall of £50k associated with off street. This position is significantly improved since Quarter 1 and reflects the Summer income and full year effect of the new annual tariff.

There are also savings from Waste collection and disposal, amounting to £380k as a result of reduced household waste being sent to the Energy from Waste plant. There are a range of other savings and efficiencies identified across Business Services including the cessation of non-essential spend.

3. Children's Services – Overspend £6.706m

There is a forecast overspend of £6.1m associated with placements. At the end of December, there were 42 vacant posts within the Children's Safeguarding service which resulted in use of agency staff. As a result the total spend on agency and temporary staff is forecast to be £4.0m. These figures include additional temporary staff used to provide additional senior capacity in order to support the service to address the outcome of Ofsted inspection in October 2019. This additional capacity to delivering improvement work will also contribute to the service's financial recovery, however there are no "quick wins" anticipated, savings are expected over the medium term.

4. Community Services – Underspend £90k

Housing services is forecast to be fully spent and any underspends on the Flexible Homeless Support grant will be carried forward in order to contribute to the costs of temporary accommodation and Housing Options. There are savings anticipated within Community protection due to vacancies across the service.

5. Corporate Services – Overspend £605k

Legal services are also making use of Agency staff, with a forecast spend of £247k. These staff required so that the service is able to meet the caseload requirements of the organisation, namely Children's and Adult Social work. As a result of the merging of Coroners districts Torbay's Coroner service is provided by Plymouth City Council. This service is more expensive and as a result there is an £83k overspend. In line with the corporate position, all non-essential spend has been ceased.

Within Corporate Services there are shortfalls of income in a number of areas. The Print & Post service has a shortfall of £250k. In order to address the future sustainability of this service there is a tender opportunity currently advertised seeking a delivery partner. There is also a shortfall of £80k on income targets associated with work of the transformation team and £30k on legal work.

#### 6. Customer Services – Underspend £576k

Revenues and Benefits have a number of staff vacancies and have received one-off funding resulting in an underspend of £268k. Within IT there is a forecast underspend of £276k brought about by revised recruitment and spending plans this year and further savings identified with software licenses.

#### 7. Finance – Underspend £2.3m

A number of “corporate” budget changes are being reported under the Finance service, these include;

- £550k was transferred to the Comprehensive Spending Review Reserve in order to be released in 2019/20 for issues in Children’s Social care
- £900k of a saving associated with Treasury Management activities and effective capital management resulting in savings on interest.
- £350k of additional monies from the Devon wide business rates retention pool
- £300k set aside during the 2019/20 budget process has been released to be used to fund known pressures

#### 8. Investment Properties – Breakeven £0k

Overall Investment properties is forecast to meet its income target.

#### 9. Planning & Transport – Underspend £510k

A reduced contribution for concessionary fares of £330k has been achieved. Due to the increased level of capital work delivered and therefore increased recharges to capital there is a saving of £140k within Highways.

#### 10. Public Health – Underspend £40k

No material variances

### **4 Mitigating actions**

- 4.1. The projected overspend within revenue **before** the application of all mitigating actions is £2.87m. As a result of the increased cost pressures from Children’s Service all the previously identified mitigating actions have been required in order to stabilise the financial position. As a result the Council’s S151 officer has identified further mitigating actions in order to deliver a balanced budget, however these options predominantly rely upon use of reserves, namely.
- 4.2. Item 11 Use of reserves – £2.874m  
In order to fund the net in year projected overspend a number of service reserves will be applied or drawn down in year.
- 4.3. This does not require use of the General Fund reserve which stands at £4.6m. As a result of the improved financial position there is reduced use of CSR Reserve anticipated. The CSR Reserve is forecast to be £1.7m at the end of the year. This is below the target level of £2m. Should the financial position continue to improve in the final quarter of the year, these one off funding items will be returned to reserves.

- 4.4. In respect of the moratorium on non-essential spend, in keeping with last financial year the Chief Finance Officer has arranged additional scrutiny in order to monitor and challenge all orders and contracts placed by officers across the Council.

## **5. Medium Term Resource Plan**

- 5.1. As detailed in section 3 & 4, the revenue position is currently being contained through increased use of reserves. The total identified use of reserves to support the overspend is £2.9m.
- 5.2. Whilst this is possible within this financial year it leaves the Council below the target minimum level on its CSR Reserve, and therefore reduces options to address any unexpected cost pressures in future years.
- 5.3. As part of the budget process a Review of Reserves document will provide Members with the S151 Officer's proposed strategy regarding reserves. This document will provide details of how any remaining reserves will be allocated next year, and also outline the medium term plans which will be needed in order to rebuild the reserves that will have been depleted this financial year.
- 5.4. A robust medium term resource plan is crucial to ensuring the future funding gaps for 2021/ 22 and 2023/ 24 are addressed. The critical need for this plan is compounded by the risks associated with the Fair Funding Formula which is not anticipated to provide any respite in addressing Torbay's financial pressure. In September 2019 MHCLG announced the deferral to 2021/22 of the proposed changes to the NNDR retention system and funding formula.
- 5.5. Central Government are scheduled to finalise the 2020/21 Local Government Funding Settlement in late February 2020.



## 6. Risks & Sensitivity

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

Risk	Impact	Mitigation
Fair Funding Formula	High	Development of a robust MTRP to address the expected impact on Torbay's funding.
Identification, and achievement, of £18m of savings for 2021/22 to 2023/24 per Medium Term Resource Plan March 2019	High	Finance colleagues are working with the transformation team coordinate the implementation of potential transformation savings.  Senior Leadership Team and Cabinet will need to consider options for future years.
Delivery of Children's Services cost reduction plan	High	Weekly meetings have been convened to monitor the current rate of delivery against the identified actions from the recovery plan.
Unable to recruit staff and need to use agency staff.	High	Recruitment & retention of Social Work staff, particularly in safeguarding is one of the core priorities for the Senior management team within Children's Services.
Additional demand and cost pressures for services particularly in children's social care	High	2019/20 Budget monitoring, use of service performance data and recovery plan.
Delivery of approved savings for 2019/20	Low	Further to regular budget monitoring for all budget holders, the Council's Senior Leadership Team receive monthly updates on the 2019/20 position including a savings tracker for each of the approved savings.
Pressure achieving income targets in some services	Low	A small number of services are not meeting their income targets (which increase by 3% each year).
Investment Property Income changes	Low	Regular review of income and tenant negotiation

## 7. Balance Sheet

### Council Subsidiary Companies

- 7.1. The Council has interests in a number of companies. The financial performance for 2018/19 of these companies is included in the Council's statement of accounts (link below). <http://www.torbay.gov.uk/council/finance/statement-of-accounts/>
- 7.2. All of these companies form part of the Council's group boundary, therefore Members should be aware of the assets and liabilities of these companies.

## 8. Debtor – Write offs

- 8.1. The total value of debtor "write offs" for the quarter were;

Service	Number of records written off	Value of write offs £000's	Number over £5,000
Council Tax	1019	129,606.25	0
NNDR	37	232,902.12	5
Housing Benefit	44	20,800.88	0

- 8.2. EXEMPT Appendix 3 contains details of write offs over £5,000
- 8.3. As at 31<sup>st</sup> December 2019, the total percentage of the current year liability collected was:

Collection Fund	2019/ 20	For the same period in 2018/ 19
Council Tax	78.65	79.48
NNDR	77.33	79.22

## 9. Capital Plan Update

- 9.1. The Capital Plan Budget has been updated for any further revision to both projects and timing, resulting in the latest revision attached at Appendix 1. The Plan now totals £394m over the 4 year period of which £125.4m relates to 2019/20 and £143m relates to 2020/21.
- 9.2. The movements in the estimate of expenditure in 2019/20 on the Capital Plan between the last monitoring report at September 2019 of £127.1m and the current approved budget for 2019/20 of £125.4m are shown below. Please note the format of this table shows schemes ordered by Council's previous Targeted Actions, as is Appendix 1.

## 10. Updates to Capital Plan

Scheme	Variation in 2019/20	Change £m	Reason
<b>Estimate as at Q2 2019/20</b>		<b>127.1</b>	Capital Plan Update – 2019/20 Quarter 2 (Cabinet Report 17 <sup>th</sup> Dec 2019)
<b>Budget changes since last report (Q2 2019/20)</b>			
<b>Protecting Children</b>			
PCSA Expansion	Re phased budget	0.4	Part budget transferred from 20/21
IT - Children's Case Management system	Re phased budget	(0.5)	Part budget moved to 20/21
		<b>(0.1)</b>	
<b>More Prosperous Torbay</b>			
Better Bus Area	Re phased budget	(0.1)	Majority of expenditure now expected next year
Claylands Redevelopment	Re phased budget	0.1	Budget transferred from 20/21 to reflect current estimated spend.
Torbay Innovation Centre Ph3 EPIC	Re phased budget	(0.2)	Budget transferred from 20/21 to reflect current estimated spend
Land acquisition adj. Beechwood, Collaton St Mary	New budget	0.3	Acquire site for ecology mitigation to Land Release Fund development at Collaton St Mary
Old Toll House (Economic Growth Fund)	Revised budget	0.5	Scheme now funded from Economic Growth Fund

Town Centre Regeneration – Harbour View Hotel	Re phased budget	(0.4)	Budget moved as a result of delays on site.
Transport – Highways Maintenance	Budget transfer	(0.2)	Budget moved to support Babbacombe Beach Road works
Transport – Torquay Gateway	Budget to 2020/21	(0.1)	Rephased to reflect latest estimates of expenditure
		<b>(0.1)</b>	
<b>Attractive and Safe place</b>			
Babbacombe Beach Road	Increased budget	0.2	Budget transfer from Highways Structural Maintenance
	Re phased budget	(0.3)	Likely timescale for majority of work
Brixham Harbour – CCTV upgrade & Fork Lift replacement	New budget	0.1	Harbour Cttee 16/12/19 approved scheme
Brixham Harbour – Infrastructure repairs	New budget	0.1	Harbour Cttee 16/12/19 approved scheme
Flood Alleviation - Cockington	Re phased budget	(0.1)	Part of Budget moved to 20/21
Flood Alleviation - Monksbridge	Re phased budget	(0.1)	Part of Budget moved to 20/21
Paignton Coastal Defence Scheme	New scheme budget	0.1	Estimated part of budget for current year.
Princess Pier Structural Repairs	Re phased budget	(0.8)	Unused budget moved to next year 20/21
Torquay Harbour South Pier Pontoon Runner guides	New scheme	0.1	H&S Provide safer access
		<b>(0.7)</b>	
<b>Protect and Support Vulnerable Adults</b>			
Disabled Facilities Grants	Re phased budget	(0.1)	Budget moved to reflect likely 2019/20 expenditure level
		<b>(0.1)</b>	

<b>Corporate Support</b>			
Corporate IT Development	Re phased budget	(0.6)	Part budget to 20/21
IT Equipment – TOR2	Re phased budget	(0.1)	Part budget to 20/21
		<b>(0.7)</b>	
<b>Estimate – Quarter Three 2019/20</b>		<b>125.4</b>	

### **Protecting Children**

- 10.1. Paignton Community and Sports Academy expansion – Work is progressing well and Phase 2 commenced in December 2019. £0.35m budget has been moved from 2020/21 to the current year to match the likely expenditure pattern.
- 10.2. Secondary School Expansion – A small amount (£7k) of additional resources have been required to fund outstanding payments. The additional resources will be taken from the Education Review Projects budget.
- 10.3. IT Childrens Case Management system – the system to replace the existing Childrens social care case management system will in part be spent in next financial year and consequently £0.525m budget has been moved to 2020/21.

### **More Prosperous Torbay**

- 10.4. Better Bus Area – Plans are in place to utilise the remainder of this budget however following discussions with partners it is now likely that the majority of expenditure will fall in next financial year. £0.073m of the budget has been moved accordingly.
- 10.5. Claylands Redevelopment – The necessary pre-let agreement has been signed and work on Phase 1 has commenced. There is an adjustment of £0.1m in budget phasing to reflect the latest estimated expenditure profile.
- 10.6. Torbay Innovation Centre Ph 3 - EPIC – All construction work is now complete and the Centre is fully operational and 40% occupied. However some costs will fall for payment in next year so appropriate budget of £0.175m has been transferred.
- 10.7. Investment Fund – Work to the Old Toll House on Torquay Seafront is now being funded from the Economic Growth Fund rather than from the Investment Fund, as agreed by Cabinet on 26 November 2019, and is now shown under the Regeneration heading.
- 10.8. Land acquisition adjoining Beechwood, Collaton St Mary – As part of the proposals for the development of land at Collaton St Mary as part of the Land Release Fund initiative, a Record of Decision (Chief Exec, 1 Nov 2019) has been made to enable acquisition of nearby land to provide ecology mitigation, particularly for Gull Bunting.
- 10.9. Town Centre Regeneration (including Economic Growth Fund) – As noted in paragraph 8.9 above, this budget will now be used to fund the Old Toll House development at a cost of £1.2m. The budget has been adjusted to reflect this change.

- 10.10. Town Centre Regen – Harbour View Hotel – further site surveys are required to be undertaken by SW Water which will delay the works on site. Consequently £0.4m budget has been transferred to next financial year.
- 10.11. Transport – Highways Structural Maintenance – £0.19m of the structural maintenance budget has been moved to provide additional resources for work at Babbacombe Beach Road.
- 10.12. Transport Integrated Transport Schemes – A small element (£0.05m) of the current year budget is transferred to next year in line with work plans.
- 10.13. Transport –Torquay Gateway – This project has largely been ‘on hold’ during the Western Corridor works but as that scheme nears completion, work is likely to divert to the Gateway scheme in the next financial year. Further budget of £0.05m has been moved to 2020/21 accordingly.

### **Attractive and Safe Place**

- 10.14. Babbacombe Beach Road – Some preliminary works have been started and a budget transfer from Highways Structural Maintenance has been made to fund expected work.
- 10.15. Brixham Harbour – reports were presented and approved by Harbour Committee on 16 Dec 2019 for various capital schemes: CCTV upgrade (£0.086m); various Infrastructure improvements (£0.165m), and a replacement forklift truck (£0.021m), all to be funded from the Harbour Reserve. These schemes are now added to the Capital Plan.
- 10.16. Council Fleet Vehicles – mainly covers the purchase 22 no. replacement kerbside recycling vehicles and 6 no. refuse collection vehicles at a total cost of £4.308m spread over two years. The first batch of vehicles were delivered in December 2019.
- 10.17. Cockington Flood alleviation – following discussions with residents the scheme will now be delivered in two phases and consequently the expenditure profile has changed with £0.05m budget moved to 2020/21. The first phase is planned for January to March 2020, and phase two between January and March 2021.
- 10.18. Monksbridge Flood alleviation - some further modelling is required by South West Water on drainage capacity which will delay the scheme. It is hoped to start work in March 2020 with completion by March 2021 however £0.195m of the budget will now be transferred to next financial year as a result of the delay.
- 10.19. Paignton Coastal Defence Scheme – the Environment Agency have now provided confirmation of funding towards this scheme to provide improved flood protection to the Paignton Sea Front area. The total scheme cost is nearly £3.1m with £3m grant funding from the Environment Agency. The balance of funding is anticipated from S106 contributions.

- 10.20. Princess Pier Structural repairs – The scheduled works have been completed and the remaining budget of £0.75m has been moved to next financial year pending further decisions.
- 10.21. Torbay Community Partnership – work on refurbishment of public shelters on Preston and Paignton seafronts is on hold during the winter months. It is expected the remaining work will be carried out in time for summer 2020 so the remaining budget of £0.03m has been moved accordingly.
- 10.22. Torquay Harbour South Pier Pontoon Runner Guides – Work required for Health and Safety reasons to provide safer access to the fuelling station pontoons. The work is estimated to cost £0.04m and will be funded from Harbours' Reserves.

### Protect and Support Vulnerable Adults

- 10.23. Disabled Facilities Grants – Demand remains high for this financial support however there is often a time lag between the grant applications and actual work being carried out. £0.150m of the budget has been transferred to next year to match the expected level of expenditure in 2019/20.

### Corporate Support

- 10.24. Corporate IT Developments – Not all costs will fall in this year so budget of £0.6m has been transferred to next financial year.
- 10.25. Similarly for IT Equipment - TOR2, budget of £0.05m is not expected to be spent until 2020/21 and budget has been rephased accordingly.

## 11. Receipts & Funding

- 11.1. The funding identified for the latest Capital Plan budget is shown in Appendix 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:

<b>Funding</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Totals @ Q3 19/20</b>
	£m	£m	£m	£m	£m
Unsupported Borrowing	106	127	63	50	346
Grants	14	12	7	1	34
Contributions	2	1	0	0	3
Revenue	1	0	0	0	1
Reserves	1	2	0	0	3
Capital Receipts	1	2	4	0	7
<b>Total</b>	<b>125</b>	<b>144</b>	<b>74</b>	<b>51</b>	<b>394</b>

## **12. Grants**

- 12.1. The Council has received confirmation of the following capital grant allocations:
- 12.2. Environment Agency – Grant of £3.1 million to enable works to provide additional flood protection to Paignton sea front and town
- 12.3. Dept. for Education – Notification of a grant allocation of £0.527m for the provision of a nursery facility at Barton Academy. The grant is due in next year 2020/21. Since the last Capital Plan update (Quarter 1 2019/20) reported to Cabinet in October 2019, the Council has not been notified of any additional capital grant allocations.

## **13. Capital Receipts**

- 13.1. The funding of the Capital Plan relies on the generation of £7.7m capital receipts. The Council had a balance of £0.782m at 1 April and in this year to date we have received a further £0.5m. This leaves an outstanding capital receipts requirement of £6.4 m. This requirement has increased in recent months as a result of new schemes which also anticipate resources from future capital receipts.

## **14. Capital Contributions – S106 & Community Infrastructure Levy**

- 14.1. So far this year approx. £0.8m capital Section106 contributions have been raised. These resources will be used to support projects in accordance with the terms of the relative agreements.
- 14.2. Council has approved a Community Infrastructure Levy (CIL) scheme which will provide funds for infrastructure improvements linked to the proposed developments and for the “neighbourhood proportion”. The main capital project identified for CIL receipts is the South Devon Highway. CIL funds of nearly £0.5m have been received in 2019/20.

## **15. Borrowing and Prudential Indicators**

- 15.1. The Council has taken borrowing of £6m during the quarter, this has primarily been to finance Investment Fund property acquisitions and Regeneration projects. As at 31 December 2019 the Council’s total borrowing was £375m. The Operational limit is set at £470m in the approved Treasury Management Strategy. This limit is set based on the expected maximum borrowing the Council would undertake in order to meet its Capital Financing Requirement.
- 15.2. The Treasury Management mid-year review was presented to Council on the 24th October 2019 and contains more information on the Council’s current and future borrowing requirements.
- 15.3. In November HM Treasury, without consultation, increased the margin on PWLB rates over gilt yields by 1%. This will increase the costs of any future borrowing to support the Council’s capital plan. Alternative sources of borrowing are being investigated however is it possible that PWLB will remain the prime option for council borrowing.



**16. Appendices:**

16.1. Appendix 1 - Capital Plan summary – Quarter 3 2019/20

16.2. Appendix 2 – Capital Plan 2019/20 Project Status

16.3. Appendix 3 – EXEMPT debtor “write offs” over £5,000 in Quarter 3 of 2019/20