

Cabinet's Response to Consultation

19 January 2021

Budget 2021/22



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Statement from the Leader and Deputy Leader of the Council

When we published our draft budget proposals in October 2020, we did so in unprecedented times. Little did we realise that we would be making our final proposals in a time of further national restrictions aimed at stemming the tide of Covid-19. The financial impacts of Covid-19 continue but the Government has acknowledged those, at least in the short term.

When we prepared our initial budget proposals, we identified a number of financial pressures as a result of Covid-19. Now that we have received our final settlement from Government, we are able to release those contingencies and reinvest in our communities priorities, albeit on a one-off basis.

In addition, over the course of the current financial year, we have made significant changes in the management and practice around Children's Services. This was backed up with a significant financial investment in the service. We are now seeing improvements in the outcomes for our children as well as delivering an overall financial benefit.

We are therefore in a position where we can fund initiatives that both improve our partnership working and which have longer term benefits for our whole community.

We will be **investing in Torbay's people**. We will use half of our Social Care Grant to support children and families with complex and challenging needs in their home communities rather than drawing on costly, statutory services. We are confident that we can continue to reduce the numbers of care-experienced children and young people in Torbay, even though the consequences of family stress caused by the Covid-19 pandemic may cause some short-term challenges.

We are allocating £60,000 over three years to implement our Sports Strategy (on top of £34,000 that has been provided from the current year's adult social care precept). We will focus on the importance of sport for our physical and mental health and wellbeing, especially for our young people. We want to be able to provide support for clubs that have not been able to access such levels of funding for many years.

Our Economic Repositioning Plan aims to support the local economy to recover as quickly as possible from the impacts of Covid-19. We want to see increased levels of wealth, shared more evenly across Torbay. We are investing £500,000 in delivering this Plan.

We will make available a further £300,000 for those residents are facing financial hardship. We are in the process of developing how this scheme will operate but we will be working with our partners, co-ordinating support for the most vulnerable in Torbay.

In our original proposals, we identified £150,000 to reinstate the subsidies for local bus services which are so valued by our community. We are pleased that this proposal remains within our budget plans for next year.

We will be **investing in Torbay's economy** with £750,000 over three years available to implement our new Events Strategy and to support wider cultural and heritage activities. This will include funding for the continuation of the English Riviera Air Show which brings significant economic benefit into Torbay. £250,000 will be used to kick start the capital projects to regenerate our town centres, with the projects themselves will be funded through the Town Deal and Future High Streets Fund – both of which we've been successful in securing from the Government.

We will develop proposals to replace the festoon lighting along Paignton seafront. We want to see an energy-efficient, sustainable modern alternative in place helping to make the area attractive for us to enjoy.

Within our fees and charges, we are also proposing that there is no increase in car park fees this coming year. This will benefit both our businesses and our residents.

Our **commitment to tackle climate change** continues with £150,000 available over three years to develop and deliver a proactive and effective tree planting scheme, which will include community participation and the launch of a supportive Tree Warden scheme.

We will seek to establish a portal to help residents across Torbay to make energy efficient changes to their homes. Our Climate Change Reserve will also be increased so that we are able to develop a range of other initiatives to help us meet our ambition of being a Carbon Neutral Council.

Finally, we will invest so that we are a **Council fit for the future**, by improving our financial resilience. £500,000 of the current year's underspend will be used to increase our General Fund Reserve and we hope to meet the target of having a General Fund at 5% of our Revenue Budget during the course of 2021/2022. We will also create a new Covid-19 Reserve of £1.6 million enabling us to deal effectively with the continuing impacts of the pandemic. Overall, increasing our reserves means that we are better placed to deal with unexpected issues in the coming years.

In providing the Local Government Settlement, the Government has again failed to recognise the costs of **adult social care** and, instead, has announced a continuation of the Adult Social Care precept which allows councils which provide social care to adults to increase their share of Council Tax. We believe it is unfair for the Government to use local taxation to address shortages in national taxation, but without the precept, we simply can't fund adult social care appropriately. Therefore we are recommending to the Council that the 3% adult social care precept is included within Torbay's Council Tax for 2021/2022.

The amount of money that Torbay Council spends on Adult Social Care, mainly through our Integrated Care Organisation, is far higher than that collected by the Adult Social Care precept. The income generated by the precept is ring-fenced; meaning that Torbay Council doesn't spend the adult social care precept on anything else and it doesn't go to the council's 'bottom line'. The cost of adult social care is rising, and our larger number of older people in Torbay means that we feel that more than most other councils.

In 2021/22 we will invest a lot the monies raised by the precept in the Community and Voluntary Sector, again focussing on keeping people healthy and independent in their homes and community. Without this funding from the precept, a lot of the services people depend on would run out of money and have to close. We will also share it with the local NHS, because Torbay and South Devon NHS Foundation Trust run services on our behalf, and this money will again go to fund such things as home care and residential care.

We are proposing a balanced Revenue Budget of £115.5 million for 2021/2022 and a Capital Plan of £125m. Taken together, this will deliver our ambition of a thriving Torbay, turning the tide on poverty despite the challenges of a global pandemic. This budget will deliver investment in our economy, our climate and our people.



Councillor Steve Darling
Leader of Torbay Council



Councillor Darren Cowell
Deputy Leader and Cabinet
Member for Finance

Introduction

This document and the papers which support it set out the Cabinet's final proposals for the Revenue and Capital Budgets for 2021/2022. It highlights the consequences for the Council's budget as a result of the Covid-19 pandemic as well as how we are continuing to standardise and simplify our processes to ensure that we are a Council fit for the future.

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

The feedback has included the views of the Council's Overview and Scrutiny Board which were set out in its report to the Cabinet and is available at www.torbay.gov.uk/scrutiny

The results of the consultation have been published and the budget proposals issued in October 2020 have been updated and republished. All of these documents are available at www.torbay.gov.uk/budget-202122

This report reflects the feedback received and outlines the changes that have been made to the Cabinet's proposals as a result. It also reflects the (provisional) Local Government Funding Settlement which was published in December 2020 and the associated funding announcements in relation to Covid-19.

Alongside this document a number of others will be published and will be available on the Council's website (www.torbay.gov.uk/budget-202122) and are listed below:

- **Proposals for Efficiencies, Income Generation and Service Change**
This sets out details of all of the final proposals for service change, income generation and savings in order to produce a balanced budget for 2021/2022. We have included the high level environmental, economic and equality impacts of each proposal which we want to test with you during the consultation period.
- **Torbay Council – Proposed Revenue Budget Digest**
This provides a description of what each Council service does and how much it is proposed that they will spend next year including how much income they will receive.
- **Fees and Charges**
The amount that the Council proposes to charge for its services over the next year.
- **Capital Plan 2021/2022**
This explains which capital schemes the Council plans to fund over the coming year.
- **Reserves**
The current and forecast position on the use of the Council's reserves.

Other documents which will be updated and published on the Council's website will include the Capital Strategy and the Treasury Management Plan.

The Cabinet's final budget proposals will be considered at the Adjourned Meeting of the Council being held on 11 February 2021. If the proposed revenue and capital budget are approved by a majority of councillors then they will be adopted on the night. If an objection to the budget is proposed and approved by a majority of councillors, the budget will be deferred to the following meeting. Any approved objections will be considered by the Cabinet which will respond to the meeting of the Council on 25 February 2021 when the budget will be decided.

Council Tax levels will be set at the meeting of the Council on 25 February 2021 as the Council has to wait for notifications from the Devon and Somerset Fire and Rescue Authority, the Devon and Cornwall Police and Crime Commissioner and Brixham Town Council before setting the overall Council Tax for Torbay.

Details of the meetings when the budget proposals will be discussed are available on the Council's website: www.torbay.gov.uk/meetings-and-decisions

Revenue Budget 2021/2022

Current Year Budget

The Council's financial position for 2020/2021 was reported to the Overview and Scrutiny Board and Cabinet in November 2020. At this point, we were projecting that there would be a £2.2m overspend at the year-end on 31 March 2021.

Since that time, we have received further funding from Government (within the current financial year) in respect of Covid-19 which has also enabled us to remove the contingency we had in place for Covid-19 related costs for adult social care, children's social care and home to school transport.

The improvements we are undertaking within Children's Services are continuing to bring financial benefits (as well better outcomes for our children and young people). We are now projecting that the Children's Services budget will be a further £700,000 underspent at the end of the financial year.

In total, as at end of December 2020, the Council was projected to be £7.1 million underspent at the end of the 2020/2021 financial year. The Cabinet is proposing that this underspend is allocated as follows:

Description	£m	Commentary
Covid-19 Reserve	1.6	The creation of a new reserve which will enable us to deal with the continuing impacts of the Covid-19 pandemic.
Collection Fund Deficit	3.5	As a result of the financial impacts of Covid-19 on our residents and businesses, we have not collected as much Council Tax and National Non Domestic Rates (Business Rates) as we planned that we would. This deficit becomes a "debt" within our future years' budgets and we are planning to repay this with part of the 2020/2021 underspend.
Increase General Fund Reserve	0.5	We will allocate further money to our General Fund Reserve moving us closer to our target of having a General Fund which is 5% of our net revenue budget. This prudent approach means that we are in a stronger position to address unforeseen issues in future years.
SWISCo	0.5	Funding for SWISCo will ensure that we are able to improve the services we provide to all of our residents.
Allocation to our Community and Corporate Plan priorities	1.0	We have the opportunity to reinvest in the services our communities value the most, albeit on a fixed term. Further details are provided within this report on where those reinvestments will be made.
Total	7.1	

Table 1: Allocation of 2020/2021 underspend

Proposed Changes to the 2021/2022 Revenue Budget

Since the Cabinet's budget proposals were issued in December 2020, central government has recognised the impact of Covid-19 on local authorities for next year and has provided some one-off funding. In addition, the (provisional) Local Government Funding Settlement has been published along with the associated funding announcements.

In total, the funding that has been announced has enabled us to close the funding gap of £2.6 million which existed within the draft budget and to make some investment in services. However, local government has only received a one year funding settlement. Whilst we are in a better position than expected for 2021/2022, the additional funding is one off, and therefore this may add to pressures in future years.

Our proposals for investment into services have taken this into account with the aim of maximising the use of this funding where longer term benefits can be gained, including through improved partnership working.

We have also considered the views of the wider community and those of the Council's Overview and Scrutiny Board which have been provided during the consultation period.

Alongside the Funding Settlement, the Government has announced a continuation of the Adult Social Care precept which enables the Council to increase Council Tax by an additional 3% on top of the 1.99% we had assumed within our draft budget proposals.

The Adult Social Care precept would generate an additional £2.1 million to be spent on Torbay's residents and, whilst we appreciate there will be an impact on our residents of this additional increase in their Council Tax, we believe that without this funding, we cannot deliver adult social care effectively.

Last year, the money from the adult social care precept was in part invested into the Community and Voluntary Sector – in order to help people stay healthy and well at home. It contributed to the Community Helpline and other projects such as helping people with their Mental Health. We also offered grants to small organisations in Torbay and funded Community Centres.

We want to be continue the work we are doing to support the most vulnerable in our communities – the very people who were left behind by the previous cuts that were made to the then Supporting People budget.

Taking all of the above into account, a summary of the changes in income and expenditure since the initial proposals were published is set out in Table 2. This includes changes in the funding of the Council as a result of Government announcements, changes to our original proposals and pressures within the Council's services. Most importantly, it includes investment in services most valued by our residents.

Description	Reduction in Expenditure/ Higher Income £m	Increase in Expenditure/ Lower Income £m	Commentary
Covid-19 Grant	4.1		This is a one-off Government grant. The final details of the grant are still awaited.
Adult Social Care precept (Torbay and South Devon NHS Foundation Trust)		1.1	50% of the Adult Social Care precept will be transferred to the Integrated Care Organisation to deliver adult social care across Torbay.
Adult Social Care precept		1.1	We will use the other 50% of the Adult Social Care precept to invest in the community and voluntary sector, focussing on keeping people healthy and independent in their home and community.
Lower Tier Grant	0.2		This is a new grant from Government which has been issued to all unitary and district local authorities.
Social Care Grant	1.4		This is Torbay's share of £300m which has been made available for social care across the country.
Social Care Grant – Adult Social Care		0.7	50% of this part of the allocation will be used to fund adult social care across Torbay (of which 50% will be transferred to the Integrated Care Organisation).
Social Care Grant – Childrens Social Care		0.7	We will use the other 50% of the Social Care Grant to invest in our preventative and Edge of Care services for our vulnerable children. The aim is to support children and families with complex and challenging needs in their home communities rather than drawing upon statutory services.
Local Government Pay Award	0.6		Given the announcement by Government that there will be a public sector pay freeze in 2021/2022, we do not need to allocate as much for the Local Government Pay Award as we had assumed within our draft budget. We plan to hold a small contingency to cover increases in the National Minimum Living Wage.
SWISCo		0.6	Rather than seeking savings from SWISCo, there will be an investment into the company (as detailed in Table 1 above). In addition, any savings that we realise from increasing our recycling rates across Torbay will be reinvested in our recycling services.
Exchequer and Benefits		0.05	The proposed savings from redesigning how we administer Housing Benefit will now come into effect from early 2022. This is due to the current high levels of demand on the Exchequer and Benefits Team due to Covid-19.

Library Premises		0.02	We will work to ensure that the proposed savings from reducing the building maintenance costs and increasing the income from our libraries will come into effect from October 2021.
IT	0.2		The planned cost of our new Customer Relationship Management computer system will be in 2022 rather than the next financial year.
Insurance Premiums		0.3	Change in market conditions mean that our insurance premiums have increased beyond our assumptions.
Senior Leadership Capacity		0.2	We are investing to ensure that our senior leadership team is supported in order to deliver our ambitious transformation programmes.
Planning Enforcement		0.05	We will recruit an additional planning enforcement officer to ensure that planning and listed building regulations are adhered to and there is compliance with planning conditions.
Harbours		0.15	We are able to return £100,000 to the base budget for the Harbour Account and will recruit a Health and Safety Officer to ensure that our Harbours are safe places to work in and visit.
Greenspaces		0.03	Last year, we used money from our Community Enablement Fund to employ a further member of staff from Groundwork South West to support our community work in greenspaces. We will continue to fund this post from our baseline budget.
Disabled Parking Bays		0.02	We are reducing the fee for the installation of advisory disabled parking bays outside residents' homes. This will mean that residents will need to pay £100 instead of £545.
Home to school transport	0.3		Within our draft budget we had assumed that there would be increased pressure on our home to school transport budget. This pressure is now forecast to be at a lower level and part of the contingency can be removed from our budget.
One off funding	1.0	2.4	The details of the one off funding we are making available are set out below.

Table 2: Summary of changes in income and expenditure

The one-off funding which we are able to be invest in services will be allocated as set out in Table 3.

Description	Increase in Expenditure/ Lower Income £000	Commentary
Planning Enforcement	50	On top recruiting a further Planning Enforcement Officer, there will be one-off funding to address the backlog of case and to support the enforcement of planning and listed building regulations and the compliance with planning conditions.
Events, Culture and Heritage	750	We are providing funding over a three year period to support the implementation of our new Events Strategy. This will include funding for the English Riviera Air Show. Money will also be available to support cultural and heritage activities during this period.
Harbour Dredging	150	There is a need to undertake dredging at Brixham Harbour to provide deeper berths and channels, so that the port can accommodate larger fishing vessels. This is due to both a gradual increase in silt and the increase in the depth of the draft of newer fishing vessels.
Tree Planting	150	Over a period of three years we will deliver a positive programme of tree planting. An early use of the budget will be to increase community participation and launch a supportive Tree Warden scheme.
Economic Repositioning Plan	500	This investment will help us deliver our Economic Repositioning Plan which aims to support the local economy to recover from the impacts of Covid-19 as quickly as possible. Ultimately, we want to see increased levels of wealth being generated and shared more evenly across the area.
Torquay Town Deal and Paignton Future High Streets Fund	250	This money will be used to start the capital projects in both Torquay and Paignton as part of our regeneration plans for our town centres.
Sports Strategy	60	We are providing funding over a three year period to support the implementation of our Sports Strategy.
Financial Hardship Fund	300	We recognise that many of our residents are facing financial hardship. This funding will be on top that which is already available. We will continue to work with our partners, co-ordinating support for the most vulnerable in Torbay.
Climate Change Strategy	90	In response to the Climate Change Emergency, we will seek to establish a portal to enable householders to implement energy

		saving initiatives. We will also increase our Climate Change reserve so that we are well placed to implement our Climate Change Strategy and develop other initiatives.
Paignton Seafront Lights	50	We will develop proposals to replace the Paignton Seafront festoon lighting with an up to date alternative, ensuring that the area is attractive for residents and visitors alike.
Home Working	50	We will invest in our homeworking capabilities, including making alterations to our offices so that they are fit for the post-Covid working arrangements.
Total Allocation	2,400	

Table 3: Allocation of one-off funding

Revenue Budget 2021/2022

The Council is being asked to approve the Cabinet's proposal for the total net revenue budget for 2021/2022 and the budget that will be required to be funded from Council Tax.

The Council is also being presented with the allocation of the 2021/2022 revenue budget to individual services as identified in the Budget Digest which has been circulated separately. The allocation of budget to services is a key part of the Council's financial control arrangements. The Financial Regulations in the Constitution govern any subsequent in-year budget changes. The approval of fees and charges for 2021/2022, in addition to supporting the achievement of budgeted income, provides clarity to services and service users. The Officer Scheme of Delegation governs any subsequent in-year changes to fees and charges.

A summary of this information is shown in the Table 4.

Service	Expenditure £m	Income £m	Net £m
Adult Social Care	56.2	(14.3)	41.9
Children's Services	100.9	(56.2)	45.7
<i>Dedicated Schools Grant including in Children's Services</i>	<i>44.4</i>	<i>(44.3)</i>	<i>0</i>
Public Health	10.0	(0.3)	9.7
Sub-total – Joint Commissioning Team	168.1	(70.8)	97.3
Corporate Services			
Community Services	6.8	(4.2)	2.6
Corporate Services	8.7	(2.7)	6.0
Customer Services	47.2	(44.0)	3.2
<i>Housing Benefit included in Customer Services</i>	<i>42.2</i>	<i>(42.2)</i>	<i>0</i>
Sub-Total – Corporate Services	62.7	(50.9)	11.8
Finance	28.6	(38.2)	(9.6)
Place			
Business Services and Regeneration and Assets	32.3	(18.9)	13.4
Investment Properties	9.5	(14.1)	(4.6)
Planning and Transport	9.6	(2.4)	7.2
Sub-total – Place	51.4	(35.4)	16.0
TOTAL			115.5
Sources of Funding			
Council Tax – 1.99% increase			72.5
Council Tax – 3% Adult Social Care			2.1
Collection Fund Surplus/(Deficit)			(1.4)
Revenue Support Grant			6.6
Business Rates (NNDR)			33.7
New Homes Bonus and Other Grants			2.0
TOTAL			115.5

Table 4: Revenue Budget 2021/2022 - Summary

The value of Council Tax resulting from a rise in the Torbay element of the Council Tax of 4.99% is £74.6 million. A 4.99% rise will increase the Band D Council Tax in Torbay by £77.99 (of which the 3% rise for adult social care is £46.89), which equates to £1.50 per week.

When the Council formally sets the Council Tax for 2021/22, the Council's budget has to include the council tax requirement for Brixham Town Council which is due to be confirmed on 18 February 2021. The value of this precept will be included as part of the Torbay Council budget for Council Tax setting purposes.

Capital Plan 2021/2022

As our operational (revenue) spend remains under pressure, it is vital that we maximise the opportunities within our Capital Plan. This will be from two funding routes: firstly by working with and bidding for funding from central Government; and secondly by the Council's own use of "prudential" borrowing at historically low rates.

The 2021/22 Capital Plan's updated forecast expenditure is £125m in the year as part of the £301m four year plan.

We have set out a clear commitment for a thriving Torbay. Over the past 12 months there have been committed investments on projects including:

- Harbour View hotel scheme in Torquay (which is due to complete in 2021),
- the development of the Claylands site in Paignton to support growth of high value manufacturing jobs,
- the acquisition of the Fleet Walk shopping centre in Torquay, and
- a loan to TDA, the Council's wholly owned and controlled economic development company, for a light industrial scheme in Paignton which is now fully let.

The past year has also seen continued investment along the Ring Road and the completion of EPIC, the Electronics and Photonics Innovation Centre, located in Paignton and key to our aspiration that this sector becomes an ever more important part of the local economy.

We are excited that our two significant bids on behalf of the community for Torquay (under the Town Deal programme) and Paignton (under the Future High Streets Fund) were successful. The value of the grants have been included in the Capital Plan and the value of spend in the Council's capital programme will grow further as these schemes are progressed.

These bids to deliver vital town centre improvements are supported by Council-funded schemes such as the redevelopment of Crossways in Paignton where we have committed to a compulsory purchase order. Plans include 90 extra care and sheltered affordable housing units for local people with ground floor commercial use. This decisive move will transform Crossways so that it no longer blights the centre of Paignton.

There is a commitment to confirm with Brixham Town Council and the community a way forward for the town centre site in Brixham. We will explore opportunities for further investment at Brixham Harbour.

We will be investing to create new employment space at Torquay Gateway and in delivering these projects will be using our powers to generate the biggest local benefit by creating opportunities for local suppliers and local employment. This is complemented by our successful bid for the funding of Edginswell Station.

Building more new homes for the local community continues to be important and the capital programme includes a scheme at Preston Down Road while our housing company, TorVista Homes, will begin delivery of its programme once approval for its "registered provider" status has been received from Homes England.

Subject to planning permission, there will be investment in solar farms at two locations in Torbay so that we can develop generation capacity in line with our commitment to tackle the Climate Change Emergency. Torbay's coastal nature means that there will continue to be investment to better protect the area from the impacts of flooding and coastal erosion with schemes planned at locations across Torbay.

Investment in IT for services is continuing to provide a better and more efficient service to our residents. We expect a new care management system for vulnerable children to go live in 2021 along with an improved system to enable our customers to better interact with us.

Appendix 1: Summary Budget Proposals 2021/2022

The proposals are for revenue (net) budget reductions from either a reduction in expenditure or an increase in income (marked *). Those shown in ***bold italics*** have changed since October 2020.

Proposal	Amount £000	Proposal	Amount £000
Council Fit for the Future		Tackling Climate Change	
Revised operating model for Corporate Security, CCTV and Environmental Enforcement	45	<i>Implementation of Resource and Waste Management Strategy</i>	<i>100</i>
		<i>Reinvestment of any savings in improving recycling.</i>	<i>(100)</i>
<i>Improved use of Churston Library (from October 2021)</i>	<i>7</i>	Street Lighting contract management	50
<i>Improved use of Paignton Library and Information Centre (from October 2021)</i>	<i>10</i>	Thriving economy	
Paperless billing for Council Tax and NNDR	25	Increased income from leased properties	50
Redesign of Housing Benefit Administration	10	Thriving People	
Full cost recovery in allotments	6	Efficiencies within Home to School Transport	50
Efficiencies resulting from the new Children's Social Care case management system	100	In-house delivery of Torre Abbey Café	50
Rationalisation of IT licences	50		
Redesign of parking services	100		
Redesign of Financial Services	75		
Reduced fraud and error in Business Rates and Council Tax	75		

Proposal	Amount £000	Proposal	Amount £000
Reduced spend on print, post and confidential shredding	84		
Reduced travel costs	100		

Further details of the proposals and the following document are available online at
www.torbay.gov.uk/budget-202122

This document can be made available in other languages and formats.
For more information please contact consultation@torbay.gov.uk
