

Budget Overview

January 2023

Budget 2023-2024



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Statement from the Leader and Deputy Leader of the Council

The context within which we have had to develop our budget proposals for 2023/2024 is very much the same that households across Torbay face in balancing their own finances. Increasing inflation means the Council's costs are increasing just as household costs are rising. We are incredibly aware of the impact that the current cost-of-living pressures has on many of our residents.

In setting our budget proposals we have, at the front of our minds, the need for the Council to serve its communities and to make Torbay a good place to live, learn, work and enjoy life. We want to deliver cost-effective services which will help Torbay and its residents to thrive. In order to do this, the Council must be a stable and sustainable organisation, with one golden rule – we must set a balanced budget each year.

Our funding settlement is broadly as expected from last year's Spending Review. Although there are no actual cash cuts for local authorities in the coming year or in 2024/2025, as our costs and service demands rise this does represent a sizeable real terms reduction in funding.

It should be remembered though that our Revenue Support Grant was £42 million in 2013/14 falling to less than £8 million in 2023/24. Since then, the increasing costs of social care have been, in part, recognised by Government – but this has been through one-off grant funding rather than money into our base budget. The costs of our place-based services – the universal services which all residents benefit from on a day-to-day basis – have been increasing at the same time but with no additional Government funding. Council Tax is now the main source of funding for these services with our Revenue Support Grant for 2023/34 being £7.7 million.

It is disappointing that the Government has failed to address the national funding pressures which are facing adult social care. We've seen for ourselves for many years that health and social care working together is best for our residents. The Government needs to provide appropriate funding to allow this to continue. The delays in the implementation of adult social care reforms mean that one-off grant funding and the adult social care precept is being relied on by government to fund adult social care. It is deeply unfair to make this an issue for local taxation.

The cost-of-living crisis has many impacts and the increase in demand for our Children's Services is just one of them. The recent improvement of our Ofsted rating to 'Good' demonstrates how we have made positive changes – influencing and improving outcomes through effective care planning coupled with equal parts scrutiny and support from the Council as a whole. This focus remains as we remain on our continuous improvement journey.

The proposals we are putting forward for consultation include a range of service changes and efficiencies from new ways of working. We are also looking to maximise our income as much as we can. The investments that have been made over recent years are now starting to pay dividends allowing for a small number of investments in services aimed at promoting inclusion across our communities.

A significant amount of funding is available in our Torbay Support Scheme which aims to support as many people as possible in Torbay who may be struggling with the increased cost of living. We will make sure that information about the help that is available is shared widely, either directly from us, through the Torbay Community Helpline or through our networks.

Our Capital Plan is designed to support our ambitions from our Community and Corporate Plan as we look to strengthen our economy and provide for our residents. It also includes funding to support those needing temporary accommodation with plans in place to buy 37 homes. We are making good progress towards this target in a challenging market.

We truly welcome everyone's thoughts on these proposals – including how we can continue to work with our communities to deliver services differently.

We look forward to hearing from you during this consultation period.



Councillor Steve Darling
Leader of Torbay



Councillor Darren Cowell
Council Deputy Leader and Cabinet
Member for Finance

Introduction

This document provides an overview of the Cabinet's proposals for the Revenue and Capital Budgets for 2023/2024.

Alongside this document a number of others will be published and will be available on the Council's website (www.torbay.gov.uk/budget-202324) and are listed below:

- **Proposals for service change, efficiencies, and income generation**
This sets out details of the draft proposals for service change, efficiencies, and income generation to produce a balanced budget for 2023/2024. 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 – Draft 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.
- **Chief Finance Officer's Report**
This provides more details in relation to the future funding of Torbay Council in light of the draft Local Government Finance Settlement.
- **Fees and Charges**
The amount that the Council proposes to charge for its services over the next year.
- **Draft Capital Plan 2023/2024**
This explains the outcomes which we are seeking to achieve from our Capital Plan and which capital schemes the Council plans to fund over the coming year.

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

Our current Medium Term Resource Plan is available online and to support longer term financial planning an updated Plan will be published after the 2023/2024 Budget has been set in March 2023.

The Cabinet's Proposed Budget

Context

This proposed budget has been prepared during a period of uncertainty. As further information has recently been made available by the Government we have been able to be more certain over some of our assumptions. However, the inflationary pressures facing the whole country have an impact on our residents and our businesses which in turn impacts on the Council's income levels (as well as us having to pay more for the goods and services we buy).

Whilst the financial impact of the Covid-19 pandemic remains a risk, the impact of the current cost-of-living pressures and the associated rate of inflation is the main risk to the Council's finances – with an increase in demand for our services and increases in the costs of providing them. The inflationary pressures on the Council total approximately £8 million – these pressures are much higher than those that had been assumed within our Medium Term Resources Plan.

In Adult Social Care, we have a long and proud history of integration which continues with Torbay and South Devon NHS Foundation Trust delivering the service on our behalf. We know that integrated health and social care creates better outcomes for our residents. In March 2022 we signed an extension to the integrated arrangements with an increase in cost to recognise the demands and cost pressures in adult social care.

However, we recognise that despite this increase, there remains a significant gap between the amount that the Council pays for adult social care and what the Trust spends. We are working closely with the Trust to identify how savings can be made in both the short and long term. These pressures, together with the ageing profile of our population, mean that we must make all the funding that we can available for adult social care.

Our continuous improvement journey within Children's Services remains crucial to the Council's medium term financial stability. Sustained improvement will be required to mitigate national issues which are starting to impact on the local delivery of services to vulnerable children in our community. Whilst previously the financial pressures within the Service were perceived as being within our control, the pressures now being faced are largely due to extreme external forces including the cost and accessibility of placements for children who need them. Nationally there are significant shortages of placements for children who need them. This means that existing placements are costing more, and that children and young people are unable to step down from residential to family-based settings such as fostering placements. In addition to this, the cost-of-living pressures will be putting increased stress on households across Torbay which may threaten the stability of current living arrangements and mean more families require support or intervention from the Council.

Across the south-west, councils are seeing increased numbers of cared for children, an increased reliance on agency staff and increased numbers of children and young people placed out of area. This creates competition which drives the overall costs within the market even higher.

The provisional Local Government Finance Settlement was issued in late December 2022. It was, for the fifth successive year, only for one year which makes longer term financial planning very difficult. The expected funding reforms for local government have again been delayed – to be implemented “in the next parliament”. The Settlement was, in essence, a “rollover” settlement with an allocation to partially cover the price inflation we face and extra grant of £5.4 million for social care (both adults and children’s). This year, the social care grant includes £0.4 million for the Independent Living Fund.

Last year’s one-off Services Grant has been continued for another year but is £0.9 million lower than last year. Two other ringfenced adult social care grants (Discharge Fund and Market Sustainability and Improvement Fund) have been continued. These will have conditions on their use which are due to be announced shortly.

Continuing good financial management

Both the Cabinet and the Senior Leadership Team regularly review the financial performance of the Council and decisions are taken throughout the year using the principles within our Community and Corporate Plan. This not only means services are delivered in the best way possible for our residents but also provides a sound financial framework.

We are reducing demand for our services through prevention and innovation. For example, our commitment to family-based solutions within Children’s Services has increased our number of connected carers, a significant proportion of whom have become Special Guardians. This reduces our social work requirements whilst having a positive impact on our children and young people. The income we receive from our leased estate, including Fleet Walk in Torquay, has increased and the Electronics, Photonics and Innovation Centre (EPIC) has increased occupancy rates over and above what was forecast.

The introduction of our garden waste collections is enabling our communities to recycle more whilst providing an income stream. The completion of the procurement to identify a community group of partners to hold the lease of Parkfield House and grounds creates a saving to the Council’s budget.

We have identified efficiencies around the charging for highways work related to our Capital Programme meaning that we can use our reducing resources to best effect. This is on top of increased interest payments which we receive and reductions in our historic pension costs.

The proposed budget for 2023/24 includes investment to address the housing and temporary accommodation needs in the Bay, the ongoing pressures on the High Needs Block of the Dedicated Schools Grant (where we are working with the Department for Education as part of the Safety Valve programme) and to increase the Council’s cyber security.

Service changes and investments, efficiencies and income generation

As we work to ensure that **people across Torbay thrive**, we are proposing to allocate our Social Care Grant equally between adult social care and children’s social care.

Within adult services we will use the grant to continue to support the provision of care through the Integrated Care Organisation with delivery by the Torbay and South Devon NHS Foundation Trust. Our Discharge Grant will also be allocated to the Trust as we develop plans in partnership to meet the needs of our communities.

Within Children's Services, we will use the grant to meet increases in our costs, including those arising from inflation, so that we continue to provide a stable basis for the service to move towards recognition as outstanding. It will also provide investment for us to take further steps towards becoming a child and family friendly Torbay.

We will work with UNICEF and partners across the community (including local businesses) towards formal accreditation as 'Child Friendly' so that all children can have a meaningful say in, and truly benefit from, the local decisions, services and spaces that shape their lives.

We are proposing to reduce the costs of home to school transport through promoting independent travel and reviewing the use of single occupancy taxis. It is also expected that there will be some reduction in the amount of money spent on agency costs with children's social care.

Our foster families are central to our commitment to children and young people. We are proposing to make a one-off thank you payment of £1000 per foster family as a mark of our appreciation for the time, effort and love that they give to our children.

The draft revenue budget includes a further £25,000 investment in sport as part of the Torbay on the Move initiative, helping to promote good physical health for our residents.

We are committed to **improving our economy** and one of our ambitions is to be the UK's premier tourist resort. As a result of the previous investment in our seafront areas we now have the infrastructure in place for more events. We are looking to increase the amount of income we can raise from these, as well as from an improved offer at Torre Abbey's café and Spanish Barn. We will be seeking more sponsorship for the English Riviera Air Show, in order to reduce the subsidy provided by the Council. It is proposed that the marketing of Torbay as a cruise ship destination is transferred to the English Riviera BID Company.

We are proposing to allocate £50,000 towards implementing our Economic Strategy, in particular supporting the improvement in skills in the local area. This money will help between 40 and 60 businesses.

We will continue our investment in becoming the premier tourist resort in the UK with a further £100,000 identified for initiatives to keep the Bay clean, tidy and attractive.

As we work to continue to **tackle climate change**, our recycling rates are increasing and therefore we can make savings on the amount we pay to dispose of residual (black bin) waste.

Last year, £1 million was allocated for investment in projects designed to reduce the Council's carbon emissions. We expect to see savings realised from these projects over the course of the financial year.

As an organisation, we need to ensure that the Council is **fit for the future**. We have introduced Microsoft 365 across the Council and this means that other pieces of software are no longer

needed, in particular around email encryption. Increased use of digital options with electoral registration also provides cost savings.

The investments that we have made in SWISCo have improved how the company operates and how services are delivered. New technology and new equipment mean that services can be delivered more efficiently but at a lower cost. There will therefore be a consequent efficiency reduction in the contract fee after an inflationary increase of £250,000 in 2023/2024.

In August 2022, the Cabinet supported the principle of the appointment of an officer to address the findings from the Torbay Racism Review Panel. Given the budgetary implications, it was agreed to consider this again within the budget proposals. It is now proposed that an Inclusion Officer be appointed to work both internally and externally to support the Council to meet its public sector equality duties, including the implementation of the action plan from the Torbay Racism Review.

We have trialled the use of live streaming for our meetings of the Council, Cabinet and Planning Committee as part of our commitment to transparent decision making. Whilst the number of people viewing these meetings online has been limited, we want our residents to be involved in the decisions we make. Therefore, we will continue to live stream these meetings as well as promoting them more widely. We will increase the funding for advertising in community newsletters and will identify options to cover as much of Torbay as possible so that those without access to digital communications can keep up-to-date with our news and plans.

The Community Ward Fund will continue to run for a further year with our Councillors and Community Partnerships working together to decide on the things that they would like to see improved in their local area.

Maximising our use of Capital Expenditure

As our operational (revenue) spend remains under pressure, it is vital that we maximise the opportunities within our Capital Plan. Our future years Capital Plan is £232 million with a programme of capital works of £110 million in 2023/24. Of the total Plan, £109 million relates to borrowing allocations for both regeneration and housing pending schemes being brought forward for approval which are currently profiled to 2024/25.

Work is due to start on site in May 2023 at St Cuthbert Mayne School, Torquay for Phase 2 of the school expansion to provide additional secondary school placements in Torquay.

Construction will start during the next financial year on extra care housing at both Torre Marine, Torquay and Crossways, Paignton, helping our residents to live independent, healthy and active lives. Our Temporary Accommodation Improvement Plan will continue to be delivered with further properties purchased for families needing temporary accommodation.

Unit 1 at Edginswell Business Park will be completed during 2023. Work on site for schemes within the Torquay Town Deal and Paignton Future High Streets Fund will start during the course of the year following the granting of planning permission. Each of the schemes are integral to helping the economy of Torbay grow.

Projects aimed at tackling climate change will be delivered following the investment of £1 million which was identified last year. These projects will bring forward revenue savings for the Council as well as reducing our carbon footprint.

Council Tax

In determining the funding settlement for local authorities, the Government has assumed that councils would increase council tax by a maximum of 2.99% with an additional 2% increase for the adult social care precept.

We have outlined above how adult social care is delivered in Torbay through an integrated arrangement with the NHS and explained how the demand and costs of adult social care are increasing. It is for this reason, that it is proposed that the 2% adult social care precept is charged in 2023/2024.

Each 1% increase in Council Tax generates £790,000 of income which supports the services that we deliver and that our community value so much. This funding also forms part of our budget in each subsequent financial year. Council Tax is the only means that the Council has to raise additional funding for place-based and housing services.

In order to ensure that the Council has a sustainable future and that we can continue to invest in services so that we can make Torbay thrive, we are proposing that the level of Council Tax is increased by 2.99%. This will allow us to increase the support that is available to support the communities who need it the most and to continue to invest in services as outlined above.

Torbay Support Scheme

We know that many residents are struggling with the rising cost of living and the budget that is being proposed includes almost £5.25 million of support measures – the Torbay Support Scheme.

- Each working age claimant of Council Tax Support will receive a one-off payment of £100. This will be on top of the discount already applied from the Council Tax Support Scheme and will be automatically applied to Council Tax bills – there will be no application process.
- £2.47 million will be available through the **Household Support Fund**. Details of how this will be distributed will be announced after central government issue the grant conditions for its use.
- £250,000 will be available as an **Exceptional Circumstances Fund**. We will co-design the allocation of this fund with the Torbay Community Helpline, but we will ensure that it includes one-off payments for our care experienced young people, as well as those who live in houses of multiple occupation.
- £165,000 will be allocated to enable mental health support to be delivered via the Torbay Community Helpline. This is an extension of an important scheme which has previously been funded from money provided to support the Covid-19 response.
- The **Welfare Support Scheme** is made up of £600,000 to help residents meet essential needs such as repairs to boilers, rent in advance or essential furniture or white goods.
- **Discretionary Housing Payments** are available to help with shortfalls between rent and Universal Credit/Housing Benefit and for rent arrears to enable tenancies to be maintained.

- The Council also operates a Homelessness Prevention Fund and emergency funding is available to some of our families from Children's Services.

We will also be consulting on potential changes to the threshold for the Council Tax Support Scheme which could come into place from April 2024.

Proposed Budget

The budget that is being proposed is set out in the table below. The detail behind this is included within the draft 2023/24 Revenue Budget Digest.

| 2022/23 Net £m | Directorate/Service | 2023/24 Net £m |
|-------------------|---|-------------------|
| 46.3 | Adult Services (Inc. Community & Customer Services) | 51.8 |
| 45.8 | Children's Services | 50.5 |
| 10.1 | Public Health | 10.4 |
| 10.0 | Corporate Services (inc. Chief Executive's Unit) | 12.0 |
| (7.8) | Finance | (12.2) |
| (4.6) | Investment Properties | (4.1) |
| 21.0 | Place Services | 22.2 |
| 120.8 | TOTAL | 130.6 |
| | Sources of Funding | |
| 78.1 | Council Tax | 81.1 |
| - | Council Tax – 2% Adult Social Care 2023/24 | 1.6 |
| 0.1 | Collection Fund Surplus | 0.5 |
| 6.8 | Revenue Support Grant | 7.7 |
| 35.6 | Business Rates (National Non-Domestic Rates) | 39.7 |
| 0.2 | Other General Grants * | 0 |
| 120.8 | TOTAL | 130.6 |

* The specific grants highlighted earlier such as the social care grant and the services grant do not form part of the Council's budget requirement and are therefore not included in this table.

Timetable

Consultation on the budget proposals, both for the public and partner organisations, will be undertaken until 12 February 2023 so as much feedback as possible can be gathered. The consultation questionnaire can be found at www.torbay.gov.uk/consultation.

The Council's Overview and Scrutiny Board will be holding its Priorities and Resources Review Panels during the consultation period when the Cabinet's proposals will be discussed in detail. These meetings will start on 19 January 2023.

Having considered the feedback from the consultation (including from the Overview and Scrutiny Board), the Cabinet will agree its final budget proposals at its meeting on Thursday 23 February 2023. This meeting is open to the public and will start at 5.30 p.m. and is scheduled to be held at the Town Hall, Torquay.

The Council will meet on Tuesday 7 March 2023 at 5.30 p.m. (open to the public at the Riviera International Conference Centre, Torquay) to agree the revenue and capital budgets and set the overall Council Tax for Torbay, having received notifications from the Fire and Rescue Authority, the Police Authority and Brixham Town Council about their Council Tax requirements.

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

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