

Budget Overview

November 2024

Budget 2025-2026



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Statement from the Leader of the Council and Cabinet Member for Finance

As we present our second set of budget proposals, our approach follows the same fundamentals as last year – focusing on the ongoing revenue pressures and delivering against our financial sustainability plans and our Capital Investment Plan. All the while ensuring we concentrate on the things that residents have told us matter to them.

As councils locally and across the country continue to report their financial difficulties and the need to reduce services, thankfully Torbay Council is in a secure financial position. We have achieved this through careful financial management. We have a strong grasp on our finances and are committed to delivering the best services that we can within our means.

Once again there are no significant changes to services proposed within this draft Budget. The Financial Sustainability Plans which we introduced last year are helping to make sure that our high-cost budget items remain on track, innovative solutions are explored and delivered, and we provide the best outcomes within the financial envelope we work within.

Everyone knows that the cost of everything is increasing, and this is no different for us as a Council. We have seen an increase in our wage bill which is our biggest cost, and the costs associated with our regeneration and building schemes, for things like building materials and labour, continue to rise exponentially. Despite all the circumstances we are working within, we are committed to keep Council Tax as low as we can, hence we are proposing an increase which is below the cap set by the Government for the second year running.

We provided new investment last year to two projects – Operation Brighter Bay and Operation Town Centres – these respond directly to what our residents have told us mattered to them. Operation Brighter Bay aims to make our Bay more attractive and safer, and Operation Town Centres seeks to address anti-social behaviour and its sources, so that everyone can once again enjoy rejuvenated town centres. We are proposing a continued focus on these two areas with a further £400,000 of investment for these two Operations being made available.

These new monies will enable us to continue our focus on the Town Centres – there is still much to do. We are investigating additional Taxi Marshalls, widening of the enforcement team plus the employment of a Town Centre manager. Under the Brighter Bay initiative, line-marking remains a priority as well as having a team of lengthsmen who will be able to carry out one-off repairs and maintenance outside of our usual cycle of works.

Most people don't realise we spend around 80% of our Revenue Budget providing services for Children and Adults. If you don't need to use these services, you won't recognise how much we need to spend protecting and supporting the most vulnerable people within our community. We're proud that those services are there when you need them – whether that is our Family Hubs which provide all the support a family may need from pregnancy through to young people turning 19 (or 25 if they experience SEND) or our adult social care services which are provided through Torbay and South Devon NHS Foundation Trust.

We continue to deliver our Capital Investment Programme and, whilst we all want to see projects come forward quicker than they are, we still have viability gaps for the reasons stated earlier on. Over the past 12-months, our partnership with Willmott Dixon and Milligan has made significant strides forward in reviewing, developing and evaluating the Bay-wide schemes that will revolutionise how Torbay's town centres work in the future.

During the course of this consultation, we will see the opening of The Strand with it being central to our Bay of Lights Illumination Trail. We know that undertaking the works has caused disruption, but the new space and layout will be a vibrant, modern and high-quality space which will provide more dining, seating and planted areas.

The Paignton and Preston Promenade scheme, including the new sea defences, will start in the new year. This is a £17 million investment which we could complete within 18 months. However, we know how important the promenade and greens are to our residents, visitors and tourism businesses and therefore the scheme will take longer to complete so that access to these important spaces can be maintained across the summer months.

The wider Council Tax Support Scheme which has been simplified and made easier to understand was introduced in April 2024 will continue. Furthermore, we have also allocated £170,000 from the Household Support Scheme to provide payments to pension aged households who are in receipt of Council Tax Support but not receiving Pension Credit. This payment will help to offset the loss of monies caused by the changes to the Winter Fuel Allowances introduced by the Government.

MyBay, our resident discount scheme, will start on 1 January 2025. 1391 people took advantage of the early bird offer, including 520 who as registered carers were eligible to join for free. They will be able to use their card to have extra parking time, free toilet visits and special offers at local businesses and attractions. For those who missed out on the early bird offer, the scheme will be open to join from January 2025 with cards being valid from 1 April 2025.

Despite the challenges we have described above, we believe we are delivering for the people of Torbay as we promised to do. With you, our residents, at the heart of everything we do, we want to hear your thoughts and look forward to hearing from you during this consultation period. We believe that our proposals to set a balanced budget for 2025/2026 will provide a sustainable financial future for Torbay Council.



Councillor David Thomas
Leader of Torbay Council



Councillor Alan Tyerman
Cabinet Member for Housing, Finance and
Corporate Services

Introduction

This document provides an overview of the Cabinet's proposals for the Revenue and Capital Budgets for 2025/2026.

Alongside this document the following will also be published and will be available on the Council's website:

- **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.

- **Proposed Fees and Charges**

The amount that the Council proposes to charge for its services over the next year.

- **Draft Capital Investment Plan 2025/2026**

This explains the outcomes that 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 draft Council's Revenue Reserves Policy, the Capital Strategy, and the Treasury Management Strategy.

We will also publish a full copy of our Revenue Budget Digest for 2025/2026 after the final budget has been set. This provides a description of what each Council service does and how much it is expected to spend next year and how much income they will receive.

The Cabinet's Proposed Budget

Context

As has been the case in recent years, this proposed budget has been prepared during a period of continued financial uncertainty. Whilst the Government's Autumn Budget at the end of October appears to provide positive news for local government, further detail is awaited, not least in the provision Local Government Finance Settlement in December 2024. This uncertainty makes setting a draft budget challenging, but we welcome the Government's recognition that councils need greater funding certainty through multi-year settlements.

Inflation has reduced significantly from the highs of 2022 but we know that our residents are struggling with the cost of living. This continues to increase the demand for our services as well as reducing the levels of income we collect. Recent pay increases have exceeded the rate of inflation, with the recent local government pay award resulting in an average increase of around 4% and the National Living Wage increasing by closer to 10%.

We know that local authorities across the country are struggling to set balanced budgets. The prudent, and sometimes difficult, decisions and financial savings made over the last 13 years mean that we are not in that position. But it is vital that those prudent decisions continue to be made to protect the Council into the future. Our income needs to be optimised through appropriate rises in Council Tax and local fees and charges, and we need to make sure that our reserves are retained and used appropriately.

Strong grip on finance

In last year's budget we introduced revenue savings plans – longer term plans which focused, in the main, on specific service areas where budgets were under significant pressures. These service areas are also the ones where actions can make the biggest difference, both in terms of outcomes for our community and on our financial sustainability. For that reason, during the course of the year, the plans have been renamed as financial sustainability plans reflecting the need to ensure our effective service delivery over the long term.

Successful, ongoing delivery against these financial sustainability plans has meant that budget pressures within those areas have been contained. Four of the plans agreed last year will remain in place throughout 2025/26:

- Children's social care placements
- Home to school transport
- Housing needs
- Legal services

During the course of the year a new plan was put in place for the proposed Locality Model for children and young people and it is proposed that a further plan is developed to review the Council's support to, and long-term sustainability of, the cultural assets of Torre Abbey, Cockington Court and Torbay Coast and Countryside Trust.

Integrated health and social care creates better outcomes for our residents and our partners. Following the extension of our integrated arrangements for the delivery of adult social care by Torbay and South Devon NHS Foundation Trust in March 2022, we are working closely with health colleagues on a joint adult social care transformation programme (rather than through a financial sustainability plan). We are focussing on elements such as reablement, learning disability support and extra care provision.

The contract fee includes an increase by the value of the Adult Social Care Council Tax Precept of 2%, which is currently estimated as £1.785m for 2025/26. Recognising that spend is currently well in excess of budget, the Council has also committed a further increase in 2025/26 and 2026/27, equivalent to an additional 1% Council Tax precept for each year. This increase, together with the transformation programme, will seek to address the significant gap between the amount that the Council pays for adult social care and what the Trust spends on the integrated services.

These pressures, together with the ageing profile of our population, mean that we must optimise all of the adult social care funding we have available. We are awaiting details of the Social Care Grant (which we will allocate equally between adult and children's social care) and any other specific adult social care grants continuing into 2025/26. We will continue to work closely with our Trust colleagues to ensure they are used effectively to meet the needs of our communities.

The level of homelessness in Torbay and the subsequent need for temporary accommodation was particularly impacted by the Covid-19 pandemic and the increased cost of living. We have taken a range of mitigating actions and invested £10m to directly purchase property. This is helping to stabilise costs and allow more work to be done to prevent homelessness and support families to find more permanent housing. The actions within the associated Financial Sustainability Plan are expected to manage any additional spending pressures within the service. Therefore it is proposed to only increase the budget for temporary accommodation by £50,000 to recognise inflationary price increases. It is also proposed to add a further £100,000 to the homelessness prevention budget to support this critical work.

Our continuous improvement journey within Children's Services remains crucial to the Council's medium term financial stability. As a result of significant improvements to the service, it is far more financially stable than in previous years.

However, Children's Services remains vulnerable to changes in demand, particularly around residential care where relatively small changes in numbers can have a significant financial impact. The high cost of weekly residential and unregulated placements remains a concern and risk to the budget. Therefore it is proposed that the 2025/2026 budget is increased by £1m which is in line with inflation at the higher rate of 5% of placement costs. An increase of £100,000 for Section 17 costs is also proposed which recognises the increased costs of support those children and families in need and safeguarding or promoting the child's welfare.

Whilst the Financial Sustainability Plan remains in place for Legal Services, the recruitment of legal professionals in the public sector remains a national issue. We are starting to improve our success in recruitment, but demand for legal support remains high. It is proposed that a further £100,000 is added to the Legal Services' budget to help fund this.

Services within the Pride in Place directorate have had two challenging financial years with some areas projecting a shortfall in income. It is prudent to reset these budgets, alongside some expenditure budgets, to avoid overspends in the future. The proposed changes are listed below:

- Reduce the planning income target by £200,000 to reduce the risk of future overspends
- Increase the Pride in Place budget by £300,000 to reflect the existing demand levels for the TDA services which are now fully integrated into the Council's operations.
- Reduce the income target for those Council assets held in Torbay by £300,000 creating an on-going reserve to manage the peaks and troughs between financial years and mitigating the shortfall in income as a result of voids.

Both the Cabinet and the Directors regularly review the financial performance of the Council and decisions are taken throughout the year to ensure services are delivered in the best way possible for our residents, whilst ensuring the organisation remains financially sustainable.

Proposed investment

We are in a position to invest in some of our services to address both things which are important to our community and to our organisational resilience.

It is proposed that Operation Town Centres and Operation Brighter Bay, which were both established last year, will see further investment in 2025/2026. £200,000 is proposed for Operation Town Centres to further support the enforcement work against those who engage in anti-social behaviour and environmental crime. This Operation also seeks to provide greater assistance to individuals needing our help and support.

It is proposed that a further £200,000 is provided to Operation Brighter Bay as we work to make our Bay more attractive and safer. We want to improve the overall look and feel of the streets and general environment around Torbay, benefiting both residents and visitors to the Bay.

An additional £100,000 is proposed to be made available to increase the number of planning Enforcement Officers. Additional staff will ensure caseloads are more appropriate and the number of open cases can be reduced and maintained at reasonable levels, especially in the light of changes introduced by the Levelling Up and Regeneration Act.

We know that the budget we have allocated to maintain our significant portfolio of Council-owned assets is not enough compared to the need identified in our condition surveys. Building on the £200,000 increase to the current year's base budget, it is proposed that a further £400,000 is added to the 2025/2026 budget to help stabilise the current condition of our assets and make some progress to address the identified backlog in repairs and maintenance.

It is proposed that £110,000 is included within the budget to meet the higher-than-average inflationary cost increases in both insurance and IT licence budgets. It is proposed that there is an inflationary increase to the SWISCo contract of £375,000. This is separate from the additional funding for Operation Brighter Bay.

There is also an allowance of £200,000 in the proposed 2025/26 Council budget to reflect the additional cost of implementing the National Living Wage. Some of this funding will be passported to SWISCo.

We are proposing that in general, fees and charges across Council services will increase by an average of 3.5% for 2025/2026 to help offset pay cost and price inflation.

Delivering our Capital Programme

The introduction of our streamlined Capital Investment Plan last year has meant that there is far more clarity and assurance over the delivery, funding and spend of our critical capital projects.

Over the course of 2025/2026 the Paignton and Preston Promenade scheme will be started, as will Phase 1 works at Oldway Mansion. Our Hotels to Homes programme and the redevelopment of St Kilda's at Brixham will deliver more affordable housing for our communities.

Our Schools and Transport Capital Programme will continue to be delivered.

Council Tax

As agreed by the Council in December 2023, from 1 April 2025 the Council will be increasing the amount of Council Tax payable on second homes by 100%. This increase, taken with the review of Single Person Discounts that we have completed during the year and the changes to the Working Age Council Tax Reduction, means that there is an increase to our base budget of £2.596m for 2025/26.

In preparing this draft budget, we have assumed that the Government will continue to cap Council Tax increases at 2.99% with an additional 2% increase for the adult social care precept. In previous years, when determining the funding settlement for local authorities, the Government has assumed that councils would increase council tax by these amounts. We expect this to remain the position, pending further announcements from the Government.

As explained above, our agreed contract fee with the Torbay and South Devon NHS Foundation Trust includes the value of the 2% adult social care precept and therefore it is proposed that this is charged in 2025/2026.

Each 1% increase in Council Tax generates £840,000 of income, which supports the services that we deliver and that our community value so much. This funding also forms part of our base 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.

However we want to keep the Council Tax increase below the cap set by the Government and are therefore proposing an increase of 2.75% rather than the 2.99% cap. This is the same increase as last year.

The proposals put forward in this draft budget leave a relatively small current savings gap of £400k for 2025/2026, but given that we still await further Government announcements we are confident that a balanced budget can be proposed when Council considers it in February 2025.

Proposed Budget

The 2025/2026 budget that is being proposed is set out in the table below.

| 2024/25 Net £m | Re-presented 2024/25 Net £m | Directorate/Service | 2025/26 Net £m |
|-------------------|-----------------------------------|---|-------------------|
| 55.9 | 55.9 | Adult Services (Inc. Community & Customer Services) | 58.3 |
| | (9.3) | (Adults share of Social Care Grant) | (9.3) |
| 54.6 | 54.6 | Children's Services | 56.3 |
| | (9.3) | (Children's share of Social Care Grant) | (9.3) |
| 10.7 | 10.7 | Public Health | 11.0 |
| | (10.7) | (Public Health Grant) | (11.0) |
| 13.8 | 14.0 | Corporate Services (inc. Chief Executive's Unit) | 14.8 |
| (16.6) | 7.1 | Finance | 7.4 |
| 0 | 5.6 | Treasury Management | 5.6 |
| (4.1) | (4.1) | Investment Properties | (4.1) |
| 24.9 | 24.9 | Place Services | 27.7 |
| 139.2 | 139.4 | TOTAL | 147.3 |
| | | Sources of Funding | |
| 88.4 | 88.4 | Council Tax | 95.2 |
| 0 | 0.2 | Services Grant | 0 |
| 8.2 | 8.2 | Revenue Support Grant | 8.4 |
| 42.4 | 42.4 | Business Rates (National Non-Domestic Rates) | 43.1 |
| 0.2 | 0.2 | New Homes Bonus | 0.2 |
| 139.2 | 139.4 | TOTAL | 146.9 |

Timetable

Consultation on the budget proposals, both for the public and partner organisations, will commence on 28 November 2024 until 12 January 2025 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 take place during the week commencing 9 December 2024.

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 18 February 2025. This meeting is open to the public.

The Council will meet on 27 February 2025 (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
