

Budget Overview

January 2022

Budget 2022-2023



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Statement from the Leader and Deputy Leader of the Council

This is the third budget that the Partnership administration has prepared for consultation. Since the election in May 2019, we have changed the focus of how Torbay Council operates – embedding our partnership and co-operative principles into everything we do, giving power back to our communities.

We have tackled the challenges that the Council faces head-on, not least in our Children's Services department and we are now seeing positive outcomes for our children and young people, and a budget that is more controlled. This has, in turn released resources which we have been able to invest in our community as we worked together to meet the challenges of a global pandemic.

It is disappointing that the Local Government Finance Settlement only provides certainty for our funding for one year, and it is concerning that the Spending Review does not allow for any overall growth in funding for local government from 2023/2024.

A one-off Services Grant has been provided and this, on top of our prudent financial management over recent years, has enabled us to invest further in the services which matter to our residents, and those that have had a chronic lack of investment in previous administrations. We are investing this money in our priority areas of ensuring we have thriving people and a thriving economy and in tackling climate change. As part of the consultation, we want to hear your views on the specific areas that you want to see addressed.

The costs of providing social care for our adult population are continuing to increase. This is in part because we are providing more care. For example, over the last 18 months we have increased the amount of domestic care we provide from 7,000 hours per week to 11,500 hours per week. We have also increased how much we pay people who work in care, recognising how hard they work to provide this valuable service. And all social care providers have seen increased costs such as Covid-19, utilities bills and other inflation pressures.

Local government continues to suffer from the years of Government austerity with Torbay Council having had to make cumulative budget reductions of more than £500 million over the past 10 years to set a balanced budget.

We need to ensure that we continue to build a sustainable Council which can continue to deliver the services our residents need and deserve. Therefore, we will be looking to increase Council Tax by 1.99% with an additional 1% increase for the adult social care precept.

The Adult Social Care precept has been made available for councils to try to keep up with increasing demands despite the National Insurance increases, that for the next three years will be used by Government to support our NHS.

We will ensure that those who need support in meeting this increase receive it and will work closely with our partners in the community and voluntary sector.

We hope that you will see that the tide is turning in Torbay – and as a Partnership we are proud to be leading this. We hope that the investment we are proposing will have positive benefits for all of Torbay.

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 2022/2023.

Alongside this document a number of others will be published and will be available on the Council's website (www.torbay.gov.uk/budget-202223) and are listed below:

- **Proposals for investment in services, efficiencies, and income generation**
This sets out details of the draft proposals for investment in services, efficiencies, and income generation to produce a balanced budget for 2022/2023. Some of the investments are one-off allocations of funding. 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 a more detailed narrative in relation to the future funding of Torbay Council after the Government announcements of both the Spending Review and the 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 2022/2023**
This explains 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 2022/23 Budget has been set in March 2022.

A consultation draft of our proposed Strategic Asset Management Plan has also been published with a separate consultation running alongside that on the Cabinet's budget proposals.

The Cabinet's Proposed Budget

Context

The financial impact of the Covid-19 pandemic remains a significant risk to Torbay Council's finances. This is both from a continued demand for services and support, and lost income because of the ongoing economic impact.

In particular, the Council will continue to provide a Covid-19 response including local test, track and trace work as well as the work to support communities and businesses in response to outbreaks.

The financial impact for the Council remains contingent on the level of recovery in Torbay. This recovery is in terms of both the local economic recovery and consequently the collection of Council Tax and National Non-Domestic Rates (business rates) which is vital to fund the delivery of local public services. The 2022/23 budget is based on assumptions of a partial improvement from the 2021/22 budget but not yet back to pre-covid levels. In addition, some of the short term COVID costs are to be funded from reserves.

Relationships between the statutory, community and voluntary sectors have been significantly strengthened over the past two years. We recognise that the community and voluntary sector isn't "free", and we have made considerable commitments to the sector through the Adult Social Care precept. As we continue to face pressures within adult social care, it is more important than ever that we make best use of our limited resources to find innovative and joined up solutions to support the most vulnerable in our community.

Our improvement journey within Children's Services has continued over the past year with the numbers of cared for children in residential placements falling. This means that those children have better outcomes but also means that we can adjust our budget to reflect the reduced levels of cost. We have also been successful in training and supporting new social workers through our Learning Academy, as well as effectively recruiting and retaining experienced social workers. Consequently, we expect to see a reduction in our agency costs during the coming year. A stable and sustainable budget within Children's Services is crucial to the medium-term financial future of the Council as a whole.

This year, more than ever, the Council is facing inflation and cost pressures. In addition to higher rates of inflation there are specific pressures on fuel and utilities. Further, there are higher employment costs in relation to living wage and the National Insurance contributions increase from April 2022 which will impact on the Council, its suppliers, and its subsidiary companies. The inflation rate is higher than we assumed in our previous Medium Term Resource Plan.

The provisional Local Government Finance Settlement, issued in late December 2021, was only for one year which suggests that funding reform is expected for 2023/24. The Settlement was in essence a "roll over" settlement with a modest allocation for inflation, plus £2 million additional funding specifically for social care (both adults and children's) and £2 million of a new one-off Services Grant. Whilst no funding reductions and some increases are welcome, a one-year

settlement does not provide certainty for longer term financial planning. This uncertainty is compounded by the funding allocations for local government in the Spending Review for 2023/24 and 2024/25 at the same level as 2022/23 which does not provide any funding for any demand or growth pressures in services in future years which is a significant concern.

Continuing 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 to ensure that our resources are used to best effect and that we are taking an integrated and joined up approach. This not only means services are delivered in the best way possible for our residents but also provides a sound financial framework.

For example, we have considered how we can best use our Public Health Grant, recognising the breadth of public health activity across the Council. We have utilised the reserves that we have previously created to meet the one-off costs of specific services, including housing and homelessness and the Riviera International Conference Centre.

The financial impact of our decisions about car parking charges and the creation of Torre Abbey Foundation Trust have been considered in planning for 2022/2023. In addition, we have seen savings arise from decreases in demand for services, such as a reduction in the number of journeys made using concessionary bus fares.

We know that inflation is currently higher than we had assumed in our Medium-Term Financial Plan (and higher than the Government allowed for in the Local Government Finance Settlement). Together with the increase in National Insurance from April 2022 and the increase in the Living Wage, higher inflation impacts negatively on both the Council and our suppliers, especially those providing both children's and adult social care.

Therefore, we have identified contingency funds for the coming financial year for provider (including children's social care placements) and pay inflation cost pressures.

Investment in Services, 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 provider market to ensure we can provide the right social care to those who need it.

Some of the additional money raised through the Adult Social Care precept will be used to ensure that our Community Builders can continue their important work. This represents an investment of £900,000 over three years.

Within children's services, we will use the Grant to meet the increases in our costs arising from both inflation and the National Insurance increase as well as creating a contingency for our placement costs. We will also invest £100,000 into services for Torbay's young people. We will be working closely with partners to ensure that we target this resource on services that

supplement existing youth provision and provide best value for money in tackling the concerns of our communities.

We are proposing to invest £400,000 (on a one-off basis) to target early support for those children who come to our attention having Special Educational Need and Disability (SEND). This investment will enable us to develop our early support for children and their families by improving and developing further the range of service we will provide.

Our work across Torbay with Groundwork South will continue but we will use the money we receive from Section 106 agreements attached to planning applications to pay for this. We are committed to ensuring that our residents are encouraged and enabled to make the most of the open spaces available to us all in Torbay.

Whilst we still do not know our allocation of Public Health funding (at the time of writing) we remain committed to encouraging our residents to be active and will be providing a further £50,000 investment to sports clubs as part of the Torbay on the Move initiative.

We are committed to **improving our economy** and one of our ambitions is to be the UK's premier tourist resort. We are expecting more people to holiday in the UK this summer again and we want to make the experience in Torbay as good as we can. There was a significant investment in both infrastructure and staffing over the last summer and this year we have identified a further £500,000 which we want to use to welcome visitors, improve infrastructure and to create events and attractions for our residents. We have not made specific plans for this investment yet and, as part of the consultation, would like to hear your views as to where it should be focussed.

We want to build up the reserves which are held by the Council as the Harbour Authority to enable the continued delivery of a stable, sustainable service to all our harbour users. In addition to £122,000 transferred to the Harbour Reserves in July 2021, a base budget reduction to the asset charge of £75,000 is proposed. We will review the fee structure for our beach huts which will reflect the demand for our different sites based on things like location and facilities.

We have identified £100,000 of revenue funding to support the borrowing costs to enable the planned works at The Pavilion in Torquay to go ahead.

Tackling climate change is another one of our priorities and there will be further investment to enable us to focus on addressing the climate emergency both as a Council and across the community of Torbay. We are proposing to include £75,000 in our base budget to appoint more members of staff to drive forward our Carbon Neutral Action Plan as well as a one-off sum of £100,000 which will be used to meet the additional costs of carbon neutral projects and infrastructure.

As our Recycling Co-ordinators work with more parts of our community and we look at different ways to increase our recycling rates, we are expecting to see a reduction in the amount of residual waste in our residents' black bins. This will reduce the amount we need to pay to dispose of it at the Energy from Waste plant saving £120,000 per year.

In developing our proposed budget for 2022/2023 we are looking to invest in services to ensure that they are **fit for the future**.

We have recognised that, to deliver our ambitions for a Thriving Torbay, we need to increase our organisational capacity which we will do using some of our one-off services grant. This will help to deliver capital and other projects across Torbay for the benefit of our residents. We are proposing one-off investment in our Planning Service as well, including improving the digitalisation of the service.

We are proposing an investment of £1.5 million in SWISCo after years of underfunding by Tor2. In addition, we are recommending a further £0.4m is set aside for new IT systems for the company. We want to ensure that, moving forward, it is a successful and stable company which delivers services effectively to our community, engaging differently with residents and community groups.

As well as investment we are continuing to redesign our services, embedding the new ways of working which have, in the main, been driven by our response to service delivery during the Covid-19 pandemic. This includes reduced levels of printing and travel. We are increasing our use of digital systems which in turn reduces the amount of post we need to send and makes our services more convenient for many of our customers.

The Community Ward Fund will be run for a second year, with simplified implementation, 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 four-year Capital Plan is £284 million with a programme of capital works of £136 million in 2022/23. Of that £60 million has been allocated to projects and the remainder is borrowing allocated for housing and regeneration schemes which we will allocate to specific projects over the course of the year based on business cases.

The schemes within the £60 million of allocated funding include our Spaces to Thrive programme such as the Torbay Harbour Public Realm, Edginswell Railway Station and Station Square and Torbay Road in Paignton. An extra care housing scheme at Crossways, Paignton (including commercial space on the ground floor) will be part funded through the Future High Streets scheme.

There is work being undertaken to expand St Cuthbert Mayne and Mayfield Schools. Construction work on the solar farms at Brokenbury and Nightingale Park is due to start in 2022/23.

We will be using the Torbay Growth Fund to provide start-up units for local businesses at Lymington Road, Torquay and the construction and future rental of two new units at Edginswell Business Park. The redevelopment of former the public toilets at Corbyn Head and Preston to create two new café units is also planned during the year.

There will be further investment with Parkwood Leisure at the Riviera International Conference Centre on both improving facilities and undertaking longer term structural repairs.

In addition to the ongoing structural maintenance and integrated transport programme, work is ongoing on Western Corridor.

The Council's housing company, TorVista Homes, has now started work on the development of flats at Totnes Road. The company's plans also include the development of extra care housing at Torre Marine and new housing on land at Preston Down Road.

Council Tax

In its Spending Review, the Government announced that councils would be allowed to increase Council Tax by a maximum of 1.99% with an additional 1% increase for the adult social care precept – we are proposing that Torbay Council increases its Council Tax by these amounts.

Our community will be aware of the Government's plans to introduce a Health and Social Care Levy (increasing the amount of National Insurance). However, that increase has been allocated in the first instance to the NHS.

We have an older population in Torbay, and so the increasing costs of care impact on us disproportionately to other areas and we need to meet them as they arise. The cost of adult social care has risen, due to the amount of people needing help and the costs increasing. We simply don't have enough money to fund the ongoing costs of care in Torbay.

We are working hard to manage these costs – so we have invested money into the community to help people stay well and, although this is working, we still have a lot of people who need care. We are also building 'extra care' housing to keep people independent. We are streamlining how people access services and encouraging the community to work together. However, all this needs investment which is not possible without making use of the adult social care precept.

This investment in social care and in prevention and wellbeing means that people will need less expensive care in the future. This is crucial as Torbay's population continues to age faster than other parts of the country.

We also need to be addressing the previous underinvestment in other council services. The Government has announced that there will be no overall increase in the amount of funding for local authorities in 2023/2024 and 2024/2025 and therefore we need to ensure that we have a sustainable base budget so that we are best placed to meet the future demands for our services.

Proposed Budget

The budget that is being proposed is set out in the table on the following page. The detail behind this is included within the draft 2022/23 Revenue Budget Digest.

Directorate/Service	Net £m
Adult Services (Inc. Community & Customer Services)	46.1
Children's Services	45.8
Public Health (<i>note grant 22/23 not yet announced</i>)	9.8
Corporate Services (inc. Chief Executive's Unit)	9.9
Finance	(7.7)
Investment Properties	(4.6)
Place Services	21.1
TOTAL	120.4
Sources of Funding	
Council Tax	77.3
Council Tax – 1% Adult Social Care 2022/23	0.8
Collection Fund Surplus	0.1
Revenue Support Grant	6.8
Business Rates (NNDR)	35.2
Other General Grants	0.2
TOTAL	120.4

Notes:

Within Childrens Services there will be the Council's allocation of Dedicated Schools Grant for funding school services in 2022/23. This is yet to be confirmed but will be around £45m after allocations to Academy schools.

Within Adult Services there will be expenditure (funded from government subsidy) of housing benefits estimated to be £41m in 2022/23.

Timetable

Consultation on the budget proposals, both for the public and partner organisations, will be undertaken until 8 February 2022 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. The Board's formal response to the consultation will be agreed at its meeting on 27 January 2022.

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 Tuesday 22 February 2022. 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 3 March 2022 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
