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Date: Wednesday, 20 September 2023

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Dear Member

COUNCIL - WEDNESDAY, 20 SEPTEMBER 2023

I am now able to enclose, for consideration at the Wednesday, 20 September 2023 meeting of the Council, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
8.	Future options for the structure and operation of Torbay Economic Development Company Limited	(Pages 2 - 3)
9.	Future options for the structure and operation of TorVista Homes	(Pages 4 - 7)
11.	Adult Social Care Strategy	(Pages 8 - 9)
12.	Budget Monitoring 2023/24 - April to June 2023 Revenue and Capital Outturn Forecast	(Pages 10 - 11)

Yours sincerely

June Gurry
Clerk

Record of Decisions

Future options for the structure and operation of Torbay Economic Development Company Limited

Decision Taker

Cabinet on 19 September 2023.

Decision

That the Cabinet recommends to Council that;

1. Torbay Economic Development Company be dissolved, with the Chief Executive overseeing the practical arrangements for the same;
2. In further of 1. above, the Chief Executive be given delegated authority to determine, in consultation with the Leader of the Council;
 - a. the transfer of subsidiary companies or component parts of the business that undertake substantial external trading activity into the Torbay Council Strategic Holding Company,
 - b. the most effective arrangements for the holding of assets currently held by Torbay Economic Development Company,
 - c. agreement of appropriate indemnities that may be required for non executive directors and Board appointments should this be necessary during the transitional period.

Reason for the Decision

The challenges which Torbay faces in making a step change in its economic performance mean it is an appropriate time to review TDA's objectives and consider what a future role might be.

Implementation

The recommendation of the Cabinet will be considered at the Council meeting on 20 September 2023.

Information

The TDA was established as a company in 2011. It was set up as a wholly owned and controlled subsidiary of the local authority so that work could be commissioned to it in line with procurement regulations. The intention was to control the company through its sole membership, through a commissioning process, the appointment of Council directors to its board and through agreed reserved matters which reserve the decision for the Council rather than the company board. The essential activities of TDA were, and continue to be, for the Council. It was agreed the essential activities were complemented by trading activities which have delivered income in support of the Council's objectives since TDA has been operating.

There have been previous reviews of TDA's governance and purpose, most recently in 2021. This resulted in some improvements to governance of wholly owned companies which included, among other changes, the introduction of shareholder meetings. However, the need to deliver more for Torbay at a time of significant change in the regional and national economic development environment means that a review of the fundamental purpose of TDA was needed.

At the meeting Councillor Chris Lewis proposed and Councillor David Thomas seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

The alternative options were set out in the submitted report and included the following:

- Do nothing;
- Revise TDA governance and service provision; and
- Bring services in house.

Is this a Key Decision?

Yes

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

Published

20 September 2023

Signed: _____
Leader of Torbay Council on behalf of the Cabinet

Date: _____

Record of Decisions

Future options for the structure and operation of TorVista Homes

Decision Taker

Cabinet on 19 September 2023.

Decision

That, subject to the Council's approval of recommendations 6 and 7, the following be implemented:

1. TorVista be instructed to progress the current projects of St Kilda and Torre Marine, subject to viable business cases, as directed by the Director of Adult and Community Services;
2. TorVista be instructed to refrain from taking on any new development work, or projects, until further notice unless requested to do so, in writing, by the Council's Chief Executive or formal decision from Council;
3. TorVista be instructed to reduce operating costs from £370,000 per annum to a maximum of £223,700 per annum through removing all functions, and associated costs, other than those required to provide a landlord service for the current 32 Units within their ownership;
4. Torbay Council set up a 'Torbay Council Strategic Holding Company' and, subject to ensuring compliance with the Regulator of Social Housing, move the wholly owned company of TorVista from Torbay Economic Development Company to become a wholly owned sub company of the Council 'Strategic Holding Company' and the Chief Executive, in consultation with the Leader of the Council and Cabinet Member for Finance and Corporate Services, be given delegated authority to establish all governance arrangements for the Strategic Holding Company;
5. That further work is undertaken by the Director of Finance with regards to the future management and operation of the 32 units currently owned by TorVista, (plus any subsequent units that might arise through either St Kilda and/or Torre Marine), to drive down operational costs which, subject to the compliance with the Regulator of Social Housing, might include:
 - (a) Transferring the residential assets to alternative Residential Providers and the land assets back to Torbay Council; and / or
 - (b) Integrating the TorVista landlord function with the management and maintenance of other Council owned assets such as temporary accommodation properties; and

The outcome of this work be reported to the Cabinet to enable it to make recommendations to the Council meeting on 7 December 2023, (as part of, and to inform, the budget setting process), on whether it wishes to continue to fund TorVista to develop, and deliver, specialist housing schemes which link directly to

the Council's Community and Corporate Plan and Housing Strategy priorities which could include:

- Extra Care Housing;
- Supported Living;
- Care leaver accommodation;
- Temporary Accommodation

Recommendations to Council:

That Cabinet recommends to Council:

6. The Director of Finance be instructed to write off the 'working capital' loan of £1.5m, accrued by TorVista as at September 2023, to be funded through a strategic review of Council Reserves;
7. that Council Minute 67(v) of 20 July 2017 be rescinded, thereby removing any approval of prudential borrowing to facilitate further schemes by TorVista; and
8. The Council approve revenue funding of £115,000 for maintaining TorVista operations for the six-month period from October 2023 to March 2024.

Reason for the Decision

The future options for the structure and operation of TorVista Homes was aligned to the "Future Options on the structure and operations of Torbay Economic Development Company" which was intended to accelerate delivery. In the case of TorVista however, with the assets and liabilities of TorVista being underwritten by the Council, with an accrued loan debt of £1.5m and on-going operational costs of £370k per annum, the Council needed to determine whether:

(a) it could afford to maintain the existing structure and operational arrangements of TorVista within the context of the wider Council budget and

(b) whether the annual costs incurred by TorVista represent Value for Money from public sector funding when considering the outcomes delivered to date and those forecasted over future years.

Implementation

The recommendation of the Cabinet will be considered at the Council meeting on 20 September 2023.

Information

TorVista Homes was set up as a wholly owned company of Torbay Council, reporting into Torbay Economic Development Company in 2019. The initial objectives of the company, as reported in September 2016, was to 'develop and own homes with the overarching aim of maximising income back to the Council'.

A secondary objective was to help the Council deliver against its Housing Strategy. This was reaffirmed in a Full Council report in December 2018 which included the recommendation 'that in principle there appear to be clear benefits in merging the Housing Rental Company (RentCo) into the TDA, or a subsidiary of the TDA to enable relevant affordable housing schemes to be

delivered at pace’.

In July 2017, Council approved a loan facility of up to £25m to develop, and deliver, specific housing schemes subject to individual business cases to be submitted and approved by the Council’s Section 151 Officer (in consultation with Cabinet member). However, whilst planning permissions have been achieved at Preston Down Road, Crossways, Torre Marine, St Kildas, and Totnes Road for circa 300 homes, as at 31 August 2023, only business cases, and subsequent loans, amounting to £3.2m have been approved.

The Business model of TorVista was based on the premise of accumulating a critical mass of developments, and subsequent ownership of assets, that would cover the entire operational cost of running the company with the intention that, ultimately, TorVista would generate an on-going revenue surplus in line with the September 2016 report. However, the company currently owns, and manages, just 32 units.

When setting up TorVista, it was recognised that there would be a need to ‘pump prime’ the operational costs of the company whilst assets were being developed and accumulated. In July 2019 the Council approved that a loan of up to £1 million be approved to TDA, if required, to allow access to the necessary working capital required to set up the Housing Company with the terms of the loan delegated to the Chief Finance Officer to agree, in consultation with the Cabinet Member for Finance. This was subsequently increased to £1.5m as approved in October 2022. It was intended that this working capital loan would be repaid to the Council, by TorVista, when the level of rental income received was sufficient enough to generate a surplus position. However, the full £1.5m has now been drawdown, and spent, by the company with on-going net costs, (accounting for existing rental income), of circa £370k per annum.

Whilst there is value in the assets held by TDA, without an achievable route through to a substantial critical mass, these costs will ultimately fall back on Torbay Council and will need to be accounted for within the Council’s budget and financial framework.

At the meeting Councillor Tyerman proposed and Councillor David Thomas seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

Alternative options were set out in the submitted report and included the following:

- Cease trading;
- Maintain trading and continue to acquire new stock;
- Expand the remit / responsibilities of TorVista.

Is this a Key Decision?

Yes

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

Published

20 September 2023

Signed: _____ Date: _____
Leader of Torbay Council on behalf of the Cabinet

Record of Decisions

"Thriving Communities Where People Can Prosper"- Our Strategy for Adult Social Care in Torbay

Decision Taker

Cabinet on 19 September 2023.

Decision

That Cabinet recommends to Council:

1. That the list of Policy Framework documents set out in Torbay Council's Constitution be updated to include the Adult Social Care Strategy; and
2. Subject to 1. above, the Adult Social Care Strategy as set out in Appendix 1 to the submitted report be approved.

Reason for the Decision

To ensure that the Council has an Adult Social Care Strategy which sets out the best approach to meet the challenges it faces.

Implementation

The recommendation of the Cabinet will be considered at the Council meeting on 20 September 2023.

Information

The Adult Social Care Strategy sets out the vision for thriving communities where people can prosper.

The Strategy outlines how by working together improved adult social care services for residents in Torbay can be delivered. It builds upon the pioneering integrated journey for social care which started in 2005 and more recently focussed on developing an integrated care model that puts a strengths-based approach at its heart focussing on what matters most to people.

At the meeting Councillor Tranter proposed and Councillor Tyerman seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

The alternative options are to amend to the strategy, or decide not to approve and therefore to not have a strategy in this respect. There was also an option to decide whether to include the strategy as a Policy Framework document. It was recommended to include it in order to recognise the importance of the strategy to the Council and its residents.

Is this a Key Decision?

Yes

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

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20 September 2023

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Leader of Torbay Council on behalf of the Cabinet

Record of Decisions

Budget Monitoring 2023/24 - April to June 2023 Revenue and Capital Outturn Forecast

Decision Taker

Cabinet on 19 September 2023.

Decision

That the Cabinet notes the forecasted revenue outturn position and recommends that Council approves:

1. The underwriting arrangements for Combe Pafford School as detailed in paragraphs 4.17-19 of the submitted report; and
2. The addition of the following projects (as set out in paragraphs 8.4 of the submitted report) to the current capital programme:
 - Refurbishment of the changing rooms at Armada Park sports facilities at Torquay.
 - Scaling up the delivery of local charge points for electric vehicles.
 - Shiphay Lane Active Travel works.
 - Renovation of tennis courts at St Marys, Oldway and Abbey Park.

Reason for the Decision

To ensure the Council operates in a prudent manner and works to maintain a balanced budget.

Implementation

The recommendation of the Cabinet will be considered at the Council meeting on 20 September 2023.

Information

The Budget Monitoring 2023/24 report set out a high-level budget summary of the Council's revenue and capital position for the financial year 2023/24, comparing budgets with year-end forecasts.

At the meeting, Councillor Tyerman proposed and Councillor Billings seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

There were no alternative options considered.

Is this a Key Decision?

No

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

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20 September 2023

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Leader of Torbay Council on behalf of the Cabinet