

Wednesday, 5 October 2022

Meeting of the Council

Dear Member

I am pleased to invite you to attend a meeting of Torbay Council which will be held in **The Burdette Room, Riviera International Conference Centre, Chestnut Avenue, Torquay, TQ2 5LZ** on **Thursday, 13 October 2022** commencing at **5.30 pm**

The items to be discussed at this meeting are attached.

Yours sincerely,



Anne-Marie Bond
Chief Executive

(All members are summoned to attend the meeting of the Council in accordance with the requirements of the Local Government Act 1972 and Standing Orders A5.)

Together Torbay will thrive

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June Gurry, Town Hall, Castle Circus, Torquay, TQ1 3DR

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

Meeting of the Council Agenda

1. **Opening of meeting**
2. **Apologies for absence**
3. **Minutes** (Pages 4 - 8)
To confirm as a correct record the minutes of the meeting of the Council held on 21 July and 15 September 2022.
4. **Declarations of interests**
 - (a) To receive declarations of non pecuniary interests in respect of items on this agenda
For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
 - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda
For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
5. **Communications**
To receive any communications or announcements from the Civic Mayor, the Leader of the Council, the Overview and Scrutiny Co-ordinator, the Council's representative on the Heart of the South West Joint Committee or the Chief Executive.
6. **Petitions** (Page 9)
To receive petitions and any oral representations from the public in accordance with Standing Order A23.
7. **Members' questions** (Pages 10 - 12)
To respond to the submitted questions asked under Standing Order A12.
8. **English Riviera Destination Management Plan Review** (Pages 13 - 58)

To consider the recommendation in respect of the English Riviera Destination Management Plan Review.

9. **Amendment to the Resources and Waste Management Strategy 2020-2023** (Pages 59 - 65)
To consider the recommendation of the Cabinet in respect of an amendment to the Resources and Waste Management Strategy 2020-2023.
10. **SWISCo Vehicle, Equipment and Building Structure Replacement** (Pages 66 - 71)
To consider a recommendation of the Cabinet in respect of SWISCo vehicle, equipment and building structure replacement.
11. **Budget Monitoring 2022/23 - April to July 2022 Revenue Outturn Forecast and April to June 2022 Capital Outturn Forecast** (Pages 72 - 106)
To consider the recommendation of the Cabinet in respect of the above.
12. **Future Approach to Constitution Amendments** (Pages 107 - 113)
To consider a report that sets out a review in the way that the Council undertakes changes to its Constitution.
13. **Treasury Management Mid - Year Review 2022/23** (Pages 114 - 131)
To note a report that sets out the Treasury Management decisions made during the first part of 2022/23.
14. **Standing Order D11 (in relation to Overview and Scrutiny) - Call-in and Urgency** (Pages 132 - 133)
To note the schedule of Executive decisions to which the call-in procedure does not apply.

Meeting Attendance

Please note that whilst the Council is no longer implementing Covid-19 secure arrangements attendees are encouraged to sit with space in between other people. Windows will be kept open to ensure good ventilation and therefore attendees are recommended to wear suitable clothing.

If you have symptoms, including runny nose, sore throat, fever, new continuous cough and loss of taste and smell please do not come to the meeting.

Live Streaming

To encourage more people to engage in our public meetings the Council is trialling live streaming our Council meetings on our YouTube channel in addition to recording the meetings and publishing the recording on our website. To watch the meeting live please visit <https://www.youtube.com/user/torbaycouncil>.

Minutes of the Council
(Council decisions shown in bold text)

21 July 2022

-: Present :-

The Worshipful The Mayor of Torbay (Councillor Mandy Darling) (In the Chair)
Deputy Civic Mayor of Torbay (Councillor Brown)

Councillors Amil, Atiya-Alla, Barrand, Barnby, Brooks, Bye, Carter, Cowell, Steve Darling, Douglas-Dunbar, Dudley, Foster, Hill, Howgate, Johns, Kavanagh, Kennedy, Law, Barbara Lewis, Chris Lewis, Long, Loxton, Mills, Morey, O'Dwyer, Pentney, Stockman, Sykes, David Thomas, Jacqueline Thomas and John Thomas

20 Opening of meeting

The meeting was opened with a prayer.

21 Apologies for absence

Apologies for absence were received from Councillors Dart, Ellery and Manning.

22 Minutes

The Worshipful the Mayor of Torbay proposed and Councillor Brown seconded a motion, which was agreed (unanimously) by the Council as set out below:

that the Minutes of the Annual meeting of the Council and Adjourned Annual meeting of the Council held on 17 May 2022 be signed as a correct record by the Worshipful the Mayor of Torbay.

23 Communications

The Worshipful the Mayor of Torbay welcomed Chris Robson of the Oldway Trust to the meeting. Mr Robson then gave a presentation on the work of the Oldway Trust. On behalf of the Council, the Worshipful the Mayor of Torbay thanked Mr Robson for the work of Trust.

In accordance with the decision of the Standards Hearing Sub-Committee, held on 10 and 13 May 2022, the Worshipful the Mayor of Torbay requested Councillors Foster and David Thomas to make their apologies to the Council in respect of their breaches of the Council's Code of Conduct for Members. Councillors Foster and David Thomas then gave their response and provided their apologies to the Council.

The Worshipful the Mayor of Torbay provided the following:

- a) an overview of her attendance at a variety of Jubilee Events, which included the beacon lighting ceremony, attending local street parties and the Music on the Meadows;
- b) an update on her presentation of the Civic Award to Year 6 school children for their Community Work, which included work for charities and helping their local communities;
- c) the recent Royal visit to Torre Abbey Meadows where she and Pepsi, her guide dog, welcomed His Royal Highness The Prince of Wales and Her Royal Highness The Duchess of Cornwall to Torbay; and
- d) a reminder that the Civic Luncheon was due to be held on Friday 29 July 2022 at the Livermead Cliff Hotel and she encouraged members to attend.

The Leader of the Council:

- a) provided an update as the Council's representative at the Heart of the South West Joint Committee held on 24 June 2022. The Leader of the Council advised that he had attended the meeting virtually and his participation was affected by internet connection issues. Therefore, the minutes of the meeting would be available online to all members in due course;
- b) referred to his attendance at the recent Local Government Association Annual Conference where the Cabinet Member for Children's Services and the Chief Executive gave presentations. The presentations were well received and it was good to see Torbay sharing its best practice at a national level;
- c) informed the Council that Becky Thompson, the Council's Divisional Director of Children's Safeguarding, had been shortlisted as a finalist in the Local Government Chronical Awards for Rising Star in Social Care. Whilst not winning the award, the Leader of the Council stated that it was an accolade to be on the finalists list and he welcomed Ms Thompson's achievement; and
- d) advised the Council that the Local Enterprise Partnership had allocated an additional £250,000 to assist with the Torquay Gateway Project and the expanding costs in the construction industry. The Project would assist in growing employment in Torbay.

24 Members' questions

Members received a paper detailing questions, notice of which had been given in accordance with Standing Order A13. The paper also contained the answers to the questions which had been prepared by Councillors Carter, Law, Long, Morey and Stockman, and was circulated prior to the meeting.

Supplementary questions were put and answered by Councillors Carter, Long and Morey arising from their responses to the questions in respect of questions 3, 5, 6, 8, 11, 13, 14 and 16.

25 Kerbside Green Waste Collection Service

The Council considered the recommendation of the Cabinet and a revised officer recommendation on the funding for the introduction of an optional and chargeable kerbside green waste collection service in Torbay, details of which were set out in the submitted report.

Councillor Morey proposed and Councillor Law seconded a motion, which was agreed (unanimously) by the Council as set out below:

that the Director of Finance be delegated authority, in consultation with the Leader of the Council and Cabinet Member for Finance, to provide Council funding by prudential borrowing for the Council to purchase the bins for garden waste or provide a loan to SWISCo for their purchase, up to the indicative amounts set out in Exempt Appendices 1 and 2 to the submitted report.

26 Joint Health and Wellbeing Strategy

The Council considered the proposed Joint Health and Wellbeing Strategy as recommended by the Cabinet and set out in the submitted report. Members noted the Strategy set out areas of focus and key actions to improve lives in Torbay over the next four years.

Councillor Stockman proposed and Councillor Long seconded a motion, which was agreed (unanimously) by the Council as set out below:

that the Joint Health and Wellbeing Strategy 2022-26 as set out in Appendix 1 to the submitted report be approved.

27 Future Approach to Constitution Amendments

This item was deferred.

28 Final Budget Monitoring 2021/22 (April 2021 – March 2022)

The Council noted the submitted report which provided a high-level budget summary of the Council's final revenue and capital position for the financial year 2021/2022.

29 Treasury Management Outturn 2021/22 Report

Members noted the submitted report in respect of the Treasury Management Outturn for 2021/2022.

30 Standing Order D11 (in relation to Overview and Scrutiny) - Call-in and Urgency

Members noted the submitted report setting out the following executive decisions taken on 14 June 2022 to which the call-in procedure did not apply:

1. the development and submission of bids and investment plans to both the Round 2 Levelling Up Fund and the UK Shared Prosperity Fund;
2. approval of the Torbay Youth Justice Plan 2022-23; and
3. contract award for the Community Safety Case Management System.

The Worshipful The Mayor of Torbay

Minutes of the Council
(Council decisions shown in bold text)

15 September 2022

:- Present :-

The Worshipful The Mayor of Torbay (Councillor Mandy Darling) (In the Chair)
Deputy Civic Mayor of Torbay (Councillor Brown)

Councillors Amil, Atiya-Alla, Barrand, Brooks, Carter, Cowell, Steve Darling, Douglas-Dunbar, Ellery, Foster, Hill, Howgate, Johns, Kavanagh, Kennedy, Law, Barbara Lewis, Chris Lewis, Long, Loxton, Mills, Pentney, Stockman, David Thomas, Jacqueline Thomas and John Thomas

31 Opening of meeting

The meeting was opened with a minute's silence in honour of Her Majesty Queen Elizabeth II, along with two former Councillors, Anne Williams (who was also a former Mayor of Torbay and Leader of the Council) and Jean Cope who both passed away in August 2022. The Worshipful the Mayor of Torbay's Chaplain then lead the Council with a prayer and to enable time for personal reflection.

32 Apologies for absence

Apologies for absence were received from Councillors Barnby, Bye, Dart, Dudley, Manning, Morey, O'Dwyer and Sykes.

33 Tributes to Her late Majesty Queen Elizabeth II

The Worshipful the Mayor of Torbay led the Council meeting to pay tribute and appreciation to Her Majesty Queen Elizabeth II for her lifetime of service.

The Worshipful the Mayor of Torbay proposed and the Deputy Civic Mayor seconded a motion, which was agreed (unanimously) by the Council as set out below:

that, on behalf of the people of Torbay, the Council's appreciation and remembrance for Her Majesty Queen Elizabeth II, and wishes to King Charles III for a successful reign, be placed on record.

The Worshipful The Mayor of Torbay

Petition to Remove Recycling Centre Slot Limitations – Council 13 October 2022

29 Signatures

We the undersigned petition the council to remove recycling centre slot limitations. Currently Torbay Council limits recycling centre booking slots to 4 per 28 days for DIY waste and 6 per 28 days for garden waste. This limitation should either be entirely removed or significantly increased. In addition, the recycling centre should be opened on Sundays as the current opening hours are unfair to residents working 9-5 jobs.

Limiting the number of times residents can use the recycling centre discourages property maintenance and renovation whilst encouraging fly tipping. At present the only way to dispose of waste beyond limitations is to pay commercial rates using the weigh bridge meaning that residents are paying for a service they should be entitled to through their council tax as they would be in other authorities such as Teignbridge Council who have no limitations.

In addition, the recycling centre closes at 4pm every day and is entirely closed on Sunday. This is particularly unfair on residents working 9-5 jobs as garden maintenance and DIY work is often carried out on Saturdays requiring disposal on Sundays.

Both Brunel Road and Tor Quarry recycling centres open on Sundays with Brunel Road offering long opening hours for those that work 9-5. This should be the same for Torbay.

Agenda Item 7

Meeting of the Council, Thursday, 13 October 2022

Questions Under Standing Order A12

A member may only submit three questions for consideration at each Council Meeting. Each member will present their first question in turn, when all the first questions have been dealt with the second and third questions may be asked in turn. The time for member's questions will be limited to a total of 30 minutes.

First Round

Question (1) from Councillor Kennedy to the Cabinet Member for Corporate and Community Services (Councillor Carter)	We have a number of Members who sit on external Boards, Panels or outside bodies, such as the Torbay Economic Development Company Ltd (known as TDA) Board, Strategic Housing Board, Devon & Somerset Fire Authority and Devon and Cornwall Police and Crime Panel. How are all Councillors kept informed as to matters raised and discussed at these meetings, and where can the general public find the printed minutes?
Question (2) from Councillor O'Dwyer to the Cabinet Member for Economic Regeneration, Tourism and Housing (Councillor Long)	I understand that the individual who has kept the Clocktower on the roundabout on Torquay's The Strand in good working order and wound up for nearly 60 years has unfortunately passed away recently. Please could you let us know what options the authority is looking at to ensure this iconic monument is kept in good working order and maintained, plus wound up now and into the future, and how has the authority recognised this individual's amazing service and passed on our condolences to his family.
Question (3) from Councillor Barrant to the Cabinet Member for Children's Services (Councillor Law)	The OFSTED inspection of Children's Services in March 2022 highlighted a lack of housing options for care experienced young people. The report did however recognise that senior leaders were actively trying to respond through a range of approaches. Can the Cabinet Member please provide an update of how this work is progressing and whether she is content that it is meeting expectations?
Question (4) from Councillor Loxton to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	What would the annual cost to Torbay's taxpayers be if public toilets were to be free to use and would there be any one-off costs to terminate the current agreement with Healthmatic?
Question (5) from Councillor Johns to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	There are proposals for Parking Regulations on Colley End Park and Marldon Road both in the Clifton with Maidenway and Kings Ash wards. I have been advised by Highways Officers that they do not have capacity to undertake a public consultation exercise, can I please have an explanation why a public consultation will not be undertaken?
Question (6) from Councillor Atiya-Alla to the Cabinet Member for Children's Services (Councillor Law)	I understand that according to the National Association of Head Teachers Union that 800,000 children who live in poverty in the UK do not qualify for free school meals. How many children in Torbay would be part of those not qualifying and do you agree that these children should qualify for free school meals?
Question (7) from Councillor Pentney to the Cabinet Member for	I understand that according to the LGA there has been 22 per cent spike in the cost of road maintenance in the last six months, with a 38 per cent increase in the bill for running and repairing streetlights, with some councils

Infrastructure, Environment and Culture (Councillor Morey)	having seen their costs double. Can you please advise me what cost increases Torbay Council may have faced in these two areas of service?
Question (8) from Councillor Douglas-Dunbar to the Cabinet Member for Adults and Public Health (Councillor Stockman)	A number of local authorities are establishing warm banks for people who have difficulties warming their own home during the day to keep warm. What plans do Torbay Council have in place to achieve this with partners?

Second Round

Question (9) from Councillor Kennedy to the Cabinet Member for Corporate and Community Services (Councillor Carter)	The Torbay Economic Development Company Ltd (known as TDA) Board membership includes one Conservative Councillor and two Liberal Democrat Councillors. How does this reflect the current political balance?
Question (10) from Councillor O'Dwyer to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	Could the Cabinet Member for Infrastructure, Environment and Culture please provide details of the following for each of the last 5 years:- <ul style="list-style-type: none"> • The number of Council Employees that have applied for planning permission; • The number of planning enforcement notices issued; and • The number of planning enforcement orders and breach of conditions notices issued.
Question (11) from Councillor Barrant to the Cabinet Member for Economic Regeneration, Tourism and Housing (Councillor Long)	Can the Cabinet Member tell the Council what action he has taken, or he intends to take in response to the "Visitor Connection Torquay to Cockington" petition dated 1 August 2022, presented to him by businesses in Cockington. Does he agree that there is an urgent need for support to increase footfall in Cockington Village to ensure traders can survive and thrive?
Question (12) from Councillor Johns to the Cabinet Member for Children's Services (Councillor Law)	According to the Association of Directors of Children's Services (ADCS) over 20 councils in England and Wales spent the equivalent of £1 million a year or more to place a single child in a private children's home due to the rise in the cost of specialised care. As the Cabinet Member for Children's Services do you agree that profits should be taken out of specialised care for children and that the Government should legislate on this?
Question (13) from Councillor Pentney to the Cabinet Member for Economic Regeneration, Tourism and Housing (Councillor Long)	I am aware that many local authorities across the country are facing soaring inflation around regeneration opportunities for town centres. With many of the Torquay town deal projects based in the ward I represent, can you please advise how this could impact on the schemes that were originally proposed to central Government?
Question (14) from Councillor Atiya-Alla to the Cabinet Member for Corporate and Community Services (Councillor Carter)	According to a survey undertaken on behalf of the Liberal Democrats, almost a quarter of households are planning not to turn the heating on this winter. Whilst it is shocking that the Government fail to include support to households in August, can you please advise me what the council is doing to support households in need at this time of national crisis?

Third Round

<p>Question (15) from Councillor O'Dwyer to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)</p>	<p>Please could the Cabinet Member for Infrastructure, Environment and Culture confirm that Torbay Council has a technically "Up to date" Local Plan, if not, could the Cabinet Member for Infrastructure, Environment and Culture detail what the possible implications are in its absence for having to accept government policy and how this affects the weighting given to our other planning policies.</p>
<p>Question (16) from Councillor Pentney to the Cabinet Member for Economic Regeneration, Tourism and Housing (Councillor Long)</p>	<p>I was delighted that the council was successful to secure £1.1m for the Safer Streets initiative in Torquay to make women and girls safer in darker hours. Can you please explain how this project will support residents in Torquay town centre?</p>

Record of Decisions

The English Riviera Destination Management Plan (DMP) Review

Decision Taker

Cabinet on 30 August 2022.

Decision

- 1 That the Cabinet recommends to Council that the Destination Management Plan be approved as set out in Appendix 1 to the submitted report; and
- 2 That subject to the above, Cabinet approves the actions set out in the Destination Management Plan (that form an 'action plan') and that implementation of the action plan be monitored and reviewed annually by the Overview and Scrutiny Board.

Reason for the Decision

The Destination Management Plan 2022-2030 sets out the interventions that can help propel the English Riviera forward and ensures there is a planned approach to the recovery and growth of the visitor economy.

Implementation

The recommendation of the Cabinet will be considered at the Council meeting on 15 September 2022.

Information

The new Destination Management Plan 2022-30 sets out the vision and objectives, markets for growth, destination development, management, delivery model and action plan to take the destination forward.

At the meeting Councillor Long proposed and Councillor Cowell 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

An alternative option would be to continue with the existing plan, this option was discounted as the existing plan was no longer appropriate and out of date.

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

2 September 2022

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

Meeting: Cabinet/Council **Date:** 30th August 2022/15th September 2022

Wards affected: All Wards

Report Title: English Riviera Destination Management Plan Review

When does the decision need to be implemented? 15th September 2022

Cabinet Member Contact Details: Cabinet Member for Economic Regeneration, Tourism and Housing, Councillor Swithin Long, swithin.long@torbay.gov.uk

Director/Divisional Director Contact Details: Alan Denby, Divisional Director Economy, Environment & Infrastructure | Place, alan.denby@torbay.gov.uk

Supporting Officer Contact Details: Carl Wyard, Economy & Enterprise Manager, TDA, carl.wyard@tda.uk.net

1. Purpose of Report

- 1.1 The purpose of the report is to seek the Council's approval of the English Riviera Destination Management Plan (DMP) following public consultation.
- 1.2 The new Destination Management Plan 2022-30 sets out the vision and objectives, markets for growth, destination development, management, delivery model and action plan to take the destination forward.
- 1.3 It's time to refresh and reposition the English Riviera as the UK's premier holiday resort of the future.

2. Reason for Proposal and its benefits

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

We want thriving people; thriving economy; tackling climate change; Council fit for the future.

- 2.1 The proposals in this report help us to deliver this ambition by ensuring there is a planned approach to the recovery and growth of the visitor economy post Covid-19.
- 2.2 The Destination Management Plan 2022-2030 sets out the interventions that can help propel the English Riviera forward. The Plan isn't everything that can and will happen but includes proposals which will shift the destination into a higher gear, that build on the

inherent strengths and reflect market trends and opportunities and helps achieve a more sustainable and resilient destination.

2.3 The Plan will achieve its objectives by:

- Attracting new (targeted) and existing visitor markets and an improved reputation and profile for the destination
- New product investment and development of the existing offer, making the most of our natural and cultural assets
- Better destination management, visitor welcome (and resident satisfaction)
- Clear delivery arrangements through collaborative, partnership working

2.4 The DMP contains growth priorities and actions linked to destination development underpinning growth. These are the interventions that will see the destination shift into a higher gear. There are also a number of underpinning priorities and delivery tasks which will maintain competitiveness and ensure that delivery arrangements are realistic and fit for purpose.

3. Recommendation(s) / Proposed Decision

3.1 That the Cabinet recommends to Council that the Destination Management Plan be approved as set out in Appendix 1 to the submitted report; and

3.2 That subject to the above, Cabinet approves the actions set out in the Destination Management Plan (that form an 'action plan') and that implementation of the action plan be monitored and reviewed annually by the Overview and Scrutiny Board.

Appendices

Appendix 1: English Riviera Destination Management Plan 2022-2030

Background Documents

English Riviera Destination Management Plan Baseline Report (the evidence base)

1. Introduction

- 1.1 TDA on behalf of Torbay Council commissioned a piece of work to review and update the English Riviera Destination Management Plan (DMP), creating a new plan with a clear, strategic way forward for the destination.
- 1.2 Following an open procurement process, including listing the contract opportunity on Supply Devon to attract local suppliers (and gaining at least three quotes), Blue Sail Consulting were appointed in October 2021.
- 1.3 The six weeks public consultation for the draft English Riviera Destination Management Plan is now complete and the draft plan has been revised (as appropriate) with the feedback received.
- 1.4 The new Destination Management Plan (2022-30) is a policy framework document that will sit under the new Torbay Economic Growth Strategy. The Evidence Base informing the development of the new Torbay Economic Growth Strategy details the importance and challenges facing tourism and the visitor economy. The new DMP will play a key role in delivering this element of the Torbay Economic Growth Strategy and is aligned to the Torbay Story.
- 1.5 The new DMP sets out the vision, objectives, growth markets, development priorities and action plan to take forward and is aligned to Torbay Council's Corporate Plan, the ambition to be the UK's premier destination, the Torbay Story, the English Riviera UNESCO Global Geopark, culture and events.

1.6 The Vision Statement:

It is time to refresh and reposition the English Riviera as the UK's premier holiday resort of the future. With a unique heritage, encompassing three towns, each offering a different coastal experience, set within an exceptional natural environment, the English Riviera is so much more than the sum of its parts.

Combining tradition and contemporary, we have a bright future. The English Riviera can offer the best of the seaside, outstanding seafood, exciting activities on and off the water, authentic cultural events and experiences, and a globally significant UNESCO Global Geopark designation that runs like a golden thread through the entire visitor experience.

1.7 The four target growth markets are:

- Fun by the sea families
- Young Actives
- Cultural Explorers
- Business Tourism and Events

1.8 The four key themes are:

- Food and Drink
- On and in the Water
- UNESCO Global Geopark
- Culture and Events

1.9 There are seven Destination Management Priorities to take the Plan forward:

1) Brilliant Basics – those public services and open spaces (including beach management, street cleansing, signage, toilets, grounds maintenance, parking) which contribute to the visitor welcome, experience and overall satisfaction of the destination. Consideration is therefore needed for the management of these services to support the objectives of the plan and to grow the visitor economy all year round.

2) Visitor Accommodation – the management of accommodation change of use with Council planning policies is essential to avoid the risk and drift toward low quality visitor accommodation and negative consumer reviews. Efforts to identify alternative use and relevant new products complementing this plan should be taken forward.

3) Towns & Connectivity – public realm and regeneration improvements to continue to further support tourism and the needs of the visitor.

4) Sustainable Tourism – the growing need to address climate change and consider measures that would have the greatest impact in reducing climate impact from tourism.

5) Skills – Making tourism an attractive carer choice for young people with exciting career pathways needs to start early with early 'Information, Advice and Guidance', is essential to growing the visitor economy.

6) Research & Insights – monitoring progress and views of visitors and businesses and to explore brand identity impact.

7) Business Tourism - to rebuild and grow the opportunities for regional/national

association conferences and events within a 50-mile radius, whilst strengthening links with venues and businesses.

- 1.10 **Delivery and organisation** – the Destination Management Group (DMG) has a critical role to take the plan forward, bringing the different organisations together. It's recommended this structure continues, making the best use of resources and working collaboratively in partnership to deliver the plan's objectives. In line with the annual review, the DMG will receive updates on progress against the plan, reported through to the Divisional Director of Economy, and reviewed annually by the Overview and Scrutiny Board.

2. Options under consideration

- 2.1 Continue with the existing plan but this is no longer appropriate and out of date.
- 2.1 Adopt the new plan as set out.

3. Financial Opportunities and Implications

- 3.1 The review of the policy will have no short-term financial implications, as it will be delivered as part of the contract fee paid by Torbay Council to TDA. Ultimately, it is expected that there will be both opportunities and implications. The Destination Management Plan and its action plan has informed the Council's investment plan to the UK Shared Prosperity Fund and other similar funding programmes.
- 3.2 Furthermore, the action plan is likely to require a refocus of existing resources and potentially require additional resources over and above that currently available for delivery. Where possible, other funding sources will be sought.

4. Legal Implications

- 4.1 There are no legal implications with this proposal.

5. Engagement and Consultation

- 5.1 The six weeks public consultation for the draft English Riviera Destination Management Plan is now complete, taking place 24th May to 5th July. The consultation included the following activity to engage and encourage completion of the online survey:
- Local businesses – via TDA and English Riviera BID distribution lists.
 - Residents – via local press, Torbay Council channels (social media, e-newsletters, website etc), local Facebook groups.
 - Torbay public and community sector organisations – via email survey and asking them to share on their channels.

- Torbay Council, TDA and SWISCo staff – promoted the survey to staff via internal channels (e.g. Insight, Staff News (Torbay Council); SWISCo Staff News; TDA internal channels)
- Councillors – Sent survey link and information about the DMP to all elected councillors via the Members Briefing and ask them to complete and share with their own contacts.

5.2 The online survey ran from 24th May to 5th July on Torbay Council's consultation website page. 109 anonymous survey completions were received, and results show respondents are supportive of the plan and the direction of travel.

5.3 Top line analysis shows:

- 83% of respondents agree with the new vision statement (49% strongly agree, 34% agree)
- 84% agree with the draft plan's objectives (47% strongly agree, 37% agree)
- 70% of respondents agree with the target growth markets (28% strongly agree, 42% agree)
- 74% of respondents agree with the priority themes (35% strongly agree, 39% agree)
- 59% of respondents agree with the actions in the draft plan (17% strongly agree, 42% agree)

5.4 The survey also had two open/ free text questions asking if the draft plan had missed anything or if respondents had anything else they would like to add. This free text data has been analysed and identified the following key themes/ issues:

- Public safety concerns – Anti Social Behaviour (ASB), Castle Circus/ Factory Row, drug use, clean up the high streets, street crime.
- Retail offer – quality, quantity, empty shops, appearance, graffiti.
- 'Brilliant basics' related:
 - Parking - quality, cheaper
 - Beaches - accessibility, quality, upkeep, free parking
 - Towns upkeep, street cleaning, roads maintenance
 - Toilets – access, free
 - Transport links/ accessibility
- Town centre regeneration/Economic Strategy related - pace of projects, other sectors related comments, appearance of the high streets, Community Wealth Building related - opportunities for local businesses.
- Cultural offer – comments centred around promotions, product development, attracting new visitors.

- Sustainability – improvements needed in the plans’ content on green, low carbon opportunities for Torbay.
- Council events strategy – general support for more public events, good feedback for Music on the Meadows.

5.5 The DMP has been updated to address the points raised and edits have been made where it’s appropriate, some tweaking was needed to ensure the wording and language is clear. For example, with the cultural offer, this is identified in the Plan as a target growth market and development opportunity for the destination in the DMP. Suggestions for improvements on sustainability have been included in the final draft of the DMP.

5.6 It should be noted that not all the points raised are appropriate for the DMP to take forward, some of the issues raised are known and complex and the data has therefore been shared with relevant colleagues to address. E.g ASB. In addition, other feedback is more related to other strategies, again data has been shared.

5.7 Feedback from Council Overview and Scrutiny from 8th June meeting has been received, reviewed and actioned as follows:

7 Recommendations	Response/Action
To consider extending the period covered by the Destination Management Plan to 2030 to tie up with the Local Plan and Economic Strategy;	<ul style="list-style-type: none"> • Action: Completed
To revisit the number of priorities to ensure a more focussed and targeted approach reducing them from 28 actions and to identify quick wins which could be implemented within a few months e.g. better signage, heritage trails etc.;	<ul style="list-style-type: none"> • Action: Completed, actions have been reduced, and quick wins identified
To regularly monitor the action plans to ensure that proposals are implemented and reprioritised as appropriate	<ul style="list-style-type: none"> • An annual review has been set out in the action plan, a process, data dash board for reporting will be set up for DMP implementation (next stage of work). • DMG meetings will also be used to monitor progress. • Action: Review DMP wording so this is clear.
To continue working closely with South Devon College, schools and local businesses to encourage people into jobs and apprenticeships within the tourism sector in Torbay;	<ul style="list-style-type: none"> • Completed - SDC are the lead partner for this work and in the DMP action plan. • This work is also a focus of the Economic Strategy.

To ensure that the Destination Management Plan dovetails with the emerging revised Economic Strategy;	<ul style="list-style-type: none"> • Completed.
To consider rewording the start of the document to put it in context with the trends which have evolved over a number of years; and	<ul style="list-style-type: none"> • Action: Completed.
To ensure better signage and connectivity within individual towns in addition to between the three towns.	<ul style="list-style-type: none"> • Action: Review the actions and wording. • Note – there are plans to update the brown signs around the three towns which will also improve connectivity.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 TDA, on behalf of Torbay Council commissioned a piece of work to review and update the English Riviera Destination Management Plan, creating a new plan with a clear, strategic way forward for the destination.
- 6.2 Following an open procurement process, including listing the opportunity on Supply Devon to attract local suppliers and gaining at least three quotes, Blue Sail Consulting were appointed, who are based in Bournemouth.
- 6.3 The Destination Management Plan links to thriving economy, in particular the ambition to be the premier resort in the UK.

7. Tackling Climate Change

- 7.1 The new Destination Management Plan is aligned to and supports Torbay's carbon neutral ambitions. The DMP offers the opportunity to think about an approach and actions that will help move tourism and the English Riviera towards a goal of Net Zero.
- 7.3 Tourism faces some big challenges, not least how to develop sustainably and respond to the climate crisis, there is also the need to think about growth that is sustainable.
- 7.4 The priority themes to drive tourism growth set out in the plan are not everything that can or will happen. Rather they are the focus for development which is sustainable, pragmatic, deliverable and catalytic and which responds to the market opportunities identified for the destination in the plan.

8. Associated Risks

- 8.1 The adoption of the Destination Management Plan 2022-30 is fundamental in ensuring the Council can set the framework for developing Torbay's tourism economy, repositioning the English Riviera as the UK's premier holiday resort of the future.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	There is a skills priority focus and associated actions in the plan, to enable business engagement and promoting attractive career pathways in the sector.		
People with caring Responsibilities			No differential impact.
People with a disability	Tourism developments should be encouraged to be fully accessible.		
Women or men			No differential impact.
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)	Alignment with the report commissioned for the Economic Strategy.		
Religion or belief (including lack of belief)			No differential impact.
People who are lesbian, gay or bisexual			No differential impact.
People who are transgendered			No differential impact.
People who are in a marriage or civil partnership			No differential impact.

Women who are pregnant / on maternity leave			No differential impact.
Socio-economic impacts (Including impact on child poverty issues and deprivation)	The plan seeks to create new job opportunities for residents that will improve the quality of life for them and their families		
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Providing increased employment opportunities can take households from 'workless' to working. This can provide additional income for families to support a healthier lifestyle.		

10. Cumulative Council Impact

10.1 None

11. Cumulative Community Impacts

11.1 None

English Riviera Destination Management Plan 2022-2030

July 2022



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DRAFT

1. Vision and Objectives

Introduction

The English Riviera has a strong history of being a premier coastal resort, with a tourism sector that supports local and regional businesses, creates local jobs, and contributes to the sense of pride in place and quality of life. However, in recent times the English Riviera has struggled to keep pace with changing market needs, with the impact of Covid-19, climate crisis and most recently the cost-of-living crisis are creating unprecedented challenges.

The English Riviera has many wonderful assets and a proud and committed partnership of business and public agencies that want to see the destination flourish. This Destination Management Plan (DMP) sets out the priority actions and delivery tasks that can help the destination succeed. It is informed by local voices but driven by the needs and wants of the visitor.

Vision Statement

The ambition for the English Riviera is encapsulated in the following vision statement:

It is time to refresh and reposition the English Riviera as the UK's premier holiday resort of the future. With a unique heritage, encompassing three towns, each offering a different coastal experience, set within an exceptional natural environment, the English Riviera is so much more than the sum of its parts.

Combining tradition and contemporary, we have a bright future. The English Riviera can offer the best of the seaside, outstanding seafood, exciting activities on and off the water, authentic cultural events, and experiences, and a globally significant UNESCO Global Geopark designation that runs like a golden thread through the entire visitor experience.

Objectives

This DMP runs from 2022-2030, it is a policy framework document that sits under the Torbay Economic Growth Strategy 2022-2030 and sets out the interventions that can help propel the visitor destination forward. It isn't everything that can and will happen but includes proposals which will shift the destination into a higher gear, that build on the inherent strengths, reflecting market trends and opportunities and help to achieve a more sustainable and resilient destination.

Objectives for the life of this plan are:

- **Recover** – return to 2019 spend and visitor levels by 2024
- **Grow** – achieve an additional £75m of tourism spend and 1,500 new FTE jobs by 2030
- **Re-balance** – more sustainable visits, with 40% of visits from October - March (currently 35%¹)

These objectives will be achieved by the following priorities:

- **Markets, positioning and branding** - attracting new and existing visitor markets and an improved reputation and profile for the destination
- **Destination development** - new product investment and development of the existing offer
- **Destination management** - better destination management and visitor welcome (and resident satisfaction)
- **Organisation and delivery** - clear delivery arrangements

As set out below, this DMP contains growth priorities and actions linked to destination development underpinning growth. These are the interventions that will see the destination shift into a higher gear. There are also a number of underpinning priorities and delivery tasks which will maintain competitiveness and ensure that delivery arrangements are realistic and fit for purpose.

Growth Priorities and Actions

Destination Management Theme: Food and Drink

Actions

- Sustainable food and drink destination
- Seafood Feast as a signature event
- Inspiring dining

Indicators

- Spend on local suppliers
- Event economic impact
- Value of media coverage

Destination Management Theme: On and in the Water

Actions

- Watersports hub development
- Business development
- Packaging on and in the water experiences

Indicators

- Feasibility study delivered
- No. businesses supported

¹ Economic Impact of Devon's Visitor Economy. South West Research Co. 2019

- No. new experiences

Destination Management Theme: UNESCO Global Geopark

Actions

- Geopark Interpretation
- Digital Geopark Trails
- Designated Landscapes Partnership

Indicators

- No. businesses using Geopark
- No. geopark trails
- Geopark profile

Destination Management Theme: Culture and Events

Action

- Thematic Interventions

Indicators

- Critical appraisal
- Events delivered

Underpinning Priorities and Tasks

Markets, Positioning and Branding

Tasks

- Market research
- Brand strategy review
- Marketing strategy review

Indicators

- Higher market awareness
- Marketing reach

Destination Management

Tasks

- Policy review
- Joint response to visitor survey
- Public realm improvements
- Bus network improvements
- Cruise development
- Green Tourism Award for business
- Carbon Neutral Torbay action plan

- Education/ business plans for tourism
- Workforce skills
- Annual performance review
- Meet English Riviera

Indicators

- Stock of serviced accommodation
- Increased visitor satisfaction
- No. cruise arrivals
- No. businesses with accreditation
- Carbon impacts from tourism
- No. businesses engaged
- Monitoring DMP actions
- Value of conference bookings

Delivery, Organisation and Resources

Tasks

- DMG Terms of Reference
- DMP Annual Review

Indicators

- Terms of Reference
- Annual Review

Outcomes

- Higher destination awareness and profile
- Increased marketing impact
- Increased visitor spend
- More skilled workforce and tourism seen as an attractive career
- Strong leadership for the visitor economy
- Improved destination experience
- More sustainable destination
- External funding secured to support priorities

2. Setting the Scene

This section contains a summary of the detailed analysis, which is contained in an accompanying Baseline Evidence document.

The Sector

The English Riviera has a substantial visitor economy, as illustrated in Figure 1, and there has been steady progress during the previous DMP (2017-21), in particular:

- Strengthened partnership working across the private and public sector, with a new Destination Management Group (DMG) overseeing DMP delivery.
- Improved marketing delivery through focused work of the English Riviera BID Company Ltd (ERBIDCo).
- Better links between the sector and skills development, with the close collaboration of South Devon College (SDC).

As a traditional coastal resort, it is perhaps unsurprising that holidays dominate the visitor profile at 78% of all visits, compared to the England average of 47%, and 29% of all visits taking place during July and August ².

Covid-19 has undeniably had a devastating impact on the resort. Despite this, the sector has remained resilient with positive results from summer 2021 and achieving accolades such as TripAdvisor's 2021 Number 1 Staycation Destination. There has also been continued investment in products and businesses across the destination.

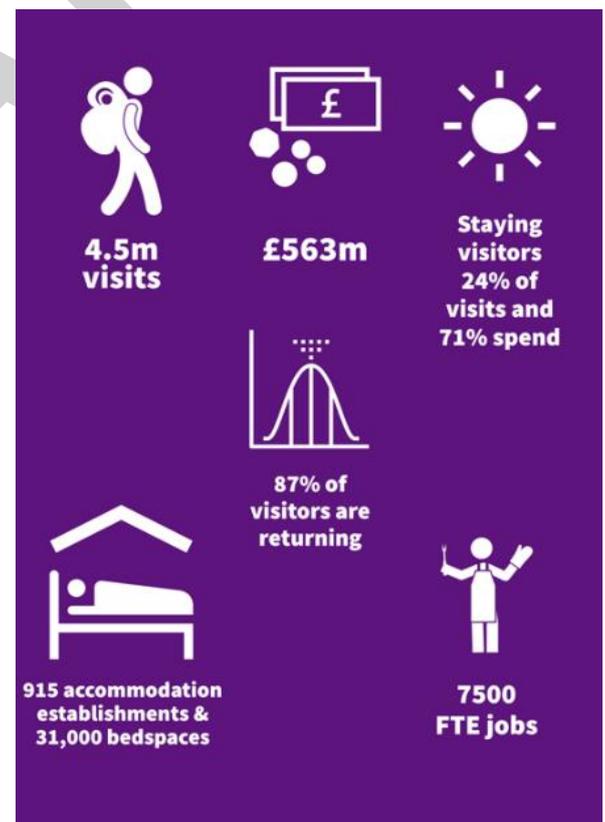


Figure 1: The English Riviera Visitor Economy 2019

² Great Britain Tourism Survey. VisitBritain. 2019

National Strategic Context

The 2021 independent review of Destination Management Organisations (DMOs) in England, the 'De Bois Review' recommended the implementation of a new tiering system of DMOs and structured support for tourism and describes the confusing array of organisations highlighting the South West in particular. The review recognises the benefits of longer-term commitments to marketing with funding models delivered by Business Improvement Districts (BIDs) and Tourism BIDS (TBIDS), with significant return on investment from the English Riviera (£75: £1³) being the highest of those DMOs that responded to the review. In responding to the review, published in July 2022, the Government has indicated its support for reduced fragmentation and better co-ordination with proposals for a new accreditation for tourism DMOs (renamed Local Visitor Economy Partnerships). It has however chosen to initially pilot a new regional Destination Development Partnership model with funding for one area in England, (yet to be determined). At the time of writing, there is still much detail to be worked through and the English Riviera should continue to work in partnership with neighbouring areas in Devon and the Great South West Tourism Partnership, strengthening collaboration wherever possible.

The recent outcomes of COP26 and the Glasgow Declaration on Climate Change for Tourism, as well as the 'Towards 2030' prospectus from the Great South West Tourism Partnership, lay down the challenge of achieving clean growth and Net Zero in tourism by 2050. Therefore, it is imperative to start now. This DMP offers an ideal opportunity to think about an approach and actions that will help move the English Riviera and tourism businesses towards a goal of achieving Net Zero. However, this DMP cannot include everything that is needed to achieve this. Therefore, by working in partnership to align the DMP with Carbon Neutral Torbay, and with support from Torbay Climate Partnership and Torbay Council's Climate Emergency Officer to identify suitable opportunities, should go hand in hand when implementing the plan.

Local Strategic Context

As with most local areas, there are various corporate plans and strategies for place, economic development, community, culture, heritage, and events. This DMP aligns with Torbay's strategic and corporate plans and the vision of the Torbay Story, (launched in early 2022), all of which will help the English Riviera thrive as a sustainable visitor destination.

In addition to the distinctive three towns that make up the English Riviera, each with their own Torbay story theme and appealing to different visitor markets, the review of the English Riviera visitor experience also identified six 'signature experiences':

- UNESCO Global Geopark – designation covering the whole of the English Riviera
- Beside the Sea – boats and harbours, boat trips, seaside and beaches, seafood
- Family fun – beaches, wide range of family attractions

³ ERBID1 results. ERBID 2 Final Business Plan. English Riviera BID Company Ltd 2021.

- Walking – the South West Coast Path, UNESCO Global Geopark Walks, John Musgrave Heritage Trail
- On and in the Water – adventure activities, stand up paddle boarding, kayaking, RIB rides, sailing and sea swimming
- Heritage and Culture – museums, theatres, and galleries, including Agatha Christie related heritage and events.

In addition to these leisure signature experiences; the English Riviera has a range of conferencing and business event facilities for business visitors and conference and event organisers. This includes purpose-built venues such as the Riviera International Conference Centre (RICC), established hotels with conference and meeting spaces such as The Grand, The Imperial and Livermead Cliff Hotel, unique venues such as Torre Abbey, and new build hotels such as the Hampton by Hilton, Ibis and Mercure adding yet more modern facilities.

Comparators and Best Practice

From the examples of best practice in other destinations, the underlying lessons to take forward are:

- Quality is key – in public realm, gateways, accommodation, and attractions.
- Communities and businesses need to ‘buy in’ – to the DMP delivery and working collaboratively on taking the actions forward. E.g. adopting messaging, sustainability and low carbon, and interpretation opportunities from the UNESCO Global Geopark.
- Creativity must be nurtured – E.g. ‘pop-ups’ in redundant spaces.
- Activities are fun to watch as well as ‘do’ – water activities development, supporting activity with essential changing facilities.
- Culture and events can animate and invigorate destinations - and have the greatest impact out of the summer season, but they have a lifecycle and need to adapt or risk losing impact.
- ‘Brilliant Basics’ - successful visitor destinations look after their ‘brilliant basics,’ such as toilets, parking, cleanliness, access, and water quality. While these things do not drive visits, if not looked after they will put visitors off coming.

DMP Consultation

The input of stakeholders, businesses and residents through online surveys, a series of workshops and one to one consultations, provided many useful insights including:

- There is inconsistent quality across the visitor experience, including town centres and accommodation.
- An over-supply of accommodation is depressing prices and restricting investment. Current planning policies (TO2 Change of use of tourism accommodation and facilities⁴) are helpful in addressing this but need to go further.
- Environmental and sustainable improvements are needed and important.
- Market awareness and appeal of the English Riviera brand. There is a recognition that it unites the destination, giving coherence and a focus for businesses.
- The UNESCO Global Geopark designation is important, but often underused and misunderstood.
- Tor Bay is a magnificent asset, and the underlying quality of the award-winning beaches, harbour and marine and sea-based activities are excellent.
- Developing demand out of the main summer season is vital.
- Connectivity between the towns, including signage and the rail stations, needs improving.
- New markets demand a better range of food and drink, culture, retail, music, and entertainment and see other destinations offering this.
- Culture is important to the destination and can be used and developed further to attract new visitors.
- The six weeks public consultation gained support for the plan's objectives, the vision statement, growth markets, priority themes and overall direction of travel.

⁴ Torbay Local Plan 2012-2030. Torbay Council. Adopted December 2015

3. Markets for Growth

Market Trends for the English Riviera:

- Time together - spending time with friends and family
- The outdoors - activity, health, and well-being
- The authentic - appeal of less visited, undiscovered places with distinctive local culture
- Experiential tourism – culture, heritage, events, experiences
- Responsible and sustainable tourism

What we Know

The English Riviera is primarily a UK domestic leisure destination, with over three-quarters of visitors on holiday (compared to England's average of just under half)⁵. Given the 'holiday focus' it is unsurprising that 29% of all visits take place in July and August⁶. And, again, not surprising with a holiday focus, visitors stay longer but on average spend less than the typical visitor elsewhere in England⁷.

The English Riviera has an impressively high return visitor rate of 89%, who typically rate their experience very highly. Whilst this is a great achievement, it is an issue to consider when coupled with Torbay's typically older visitor profile (71% aged over 55), and the lower satisfaction rates of first-time visitors to the destination⁸.

These key statistics paint a picture of a destination which is highly dependent on an ageing market and summer visitors.

To survive and grow, the English Riviera has to target a broader range of market segments, who are able and willing to spend more throughout the year. Impressing these new markets during a first-time visit, to nurture a new generation of loyal visitors should be a top priority, and so the needs and wants of these segments should in turn dictate the investment in new product and experience development.

Target Markets

Three leisure segments have been selected as having growth potential for the English Riviera, drawing on robust research by ERBIDCo, VisitEngland and other UK National Tourist Boards (VisitScotland, VisitWales, Fáilte Ireland). Realising the growth potential of these segments will depend on the development of the offer and so should be built up over time. A fourth business tourism segment has also been identified, as a market to sustain and rebuild, capitalising on the destination's existing and emerging assets.

⁵ 3-year averages 2019-2019, Great Britain Tourism Survey, Visit Britain

⁶ %s for Devon. The Economic Impact of Devon's Visitor Economy 2019, the South West Research Company Ltd

⁷ 3-year averages 2019-2019, Great Britain Tourism Survey, Visit Britain

⁸ Stats from English Riviera Visitor Survey 2021

Geographically, the primary focus for the English Riviera should be on the UK domestic market, where there is significantly more growth potential and return on marketing investment will be greater. In general, targeting should concentrate on a four-hour travel time for staying visitors.

Fun by the Sea Families

Immediate priority:

- UK Families with younger children (<13): extended families, multi-generational, groups.
- Strong affinity towards England breaks, particularly seaside during summer and other school holidays, weekends, Easter - October.
- Highly motivated by beaches, small towns, outdoor leisure, theme parks, family attractions
- Cheaper/affordable accommodation especially caravans/ holiday parks
- Prepared to spend on treats and entertainment for the children
- Child-friendly attractions and activities are a must
- 'Fun' is the name of the game – learning is an added bonus
- Need detailed practical information to reassure and inspire



Young Actives

Short-medium term:

- Groups of friends and couples in 20s-30s
- Year-round, but mostly Autumn-Spring
- Activity is more important than place
- Looking for excitement and adrenaline activities
- Good infrastructure and facilities essential
- Good value accommodation
- Easy to access, organise, book etc.
- Socialising and sharing experiences – live and online



Cultural Explorers

Medium-longer term:

- UK, international and cruise visitors – couples, groups of friends
- Typically, 35+, older, working, and retired, no/post children
- Take lots of breaks and holidays, like to explore different places
- Year-round, mid-week and weekends.
- Want inspiring, authentic, interesting places within easy reach
- Interested in heritage, culture, gentle activities
- Natural environment and beautiful landscapes and vistas important (potential for geo-tourism)
- Quality, authentic local food, and drink – and good accommodation



Business Tourism and Events

Long term – sustain and rebuild:

- Regional/ national association conferences and corporate meetings within 30-50 miles,
- Will include international delegates
- Looking for easy access, value, quality and flexible spaces and good accommodation
- Post Covid-19 team building opportunities
- Complement leisure tourism – corporate and conferences mid-week and in spring and autumn.
- Wider leisure offer and social programmes important for some markets
- Opportunity around business to leisure ‘converters’



4. Destination Development

The English Riviera is an established coastal destination, but intense competition and changing visitor markets mean there is a continual need to develop new and better experiences to drive more visits, tackle the seasonal imbalance and increase spending and benefits for local communities and businesses.

Tourism faces some big challenges generally – not least how to develop sustainably and respond to the climate crisis, there is also a need to think about growth that is sustainable with a low carbon impact.

New developments, including those identified below, should all aim for zero carbon, with low impact to protect the natural environment and all impacts are minimised and in line with Torbay's carbon neutral 2030 target. This this should be evaluated as part of any business case and feasibility assessments, aligning with Carbon Neutral Torbay.

Finally, there is a need to manage expectations. Changes take time to deliver and are part of a 'long game' if the destination is to emerge stronger from the pandemic.

The growth priority themes which follow are not everything that can or will happen. Rather they are the focus for development which is pragmatic, deliverable and catalytic and which responds to the market opportunities for the English Riviera.

The four growth priority themes are:

- Food and Drink
- On and in the Water
- UNESCO Global Geopark
- Culture and Events

These development themes are the priority strategic Actions of the DMP for delivery partners to take forward, underpinning growth. They are explained in detail below, set out with a clear rationale validating their status:

Theme 1: Food and Drink

Expand and bring England's Seafood Coast concept to life. Re-launch with a focus on high-quality, local food and drink. Develop a reputation for food and drink that emphasises the sustainable production and consumption with stronger local supply chains across the English Riviera, and potentially wider into Devon and the South West.

Rationale

Food and eating out is increasingly important to visitors who seek authentic local experiences, but it is hard to be distinctive. The seafood sourced from Tor Bay's local waters is a strong Unique Selling Point. For visitors, it offers a 'flavour of the English Riviera and UNESCO Global Geopark' and the same product you can find in high end London restaurants at much better value. As well as flavours of the sea, there are flavours from the land to enjoy. Food and drink also offer an opportunity to fill and reinvigorate redundant spaces; and combined with music and entertainment can be a significant part of major events, as well as an opportunity for a standalone event in its own right.

Action 1: Sustainable Food and Drink Destination

Revive the ERBID food and drink focus group, explore options to work with the Devon Food Partnership and Sustainable Food Place award. Focus on initiatives to promote local producers/businesses to 'taste the English Riviera and UNESCO Global Geopark,' reduce food waste, sustainability and improve local supply chains. Develop appropriate support tools for businesses. Increase food and drink experiences, including pop-ups, 'try-me,' making, tasting and cookery experiences.

Outcome: 5% annual growth in spend on local suppliers

Measured by: Business Survey

Delivered by: ERBIDCo, Private Sector

Resources: £10,000 (new, per annum)

Timetable: 2022-27

Action 2: Relaunch England's Seafood Feast as a Signature Event

The September food and drink event should become a signature event in the destination calendar. Increase annual visitor footfall, overnight stays and spend

Outcome: £2.5m of annual economic impact

Measured by: Event Impact Survey

Delivered by: ERBIDCo, Private Sector, Torbay Council

Resources: Existing resources

Timetable: 2022-27

Action 3: Inspiring Dining

Enable inspiring dining spaces, such as around the waterfront, pop-ups, and redundant spaces/buildings to create special and unique places to eat and drink with a focus on quality and local.

Outcome: £100,000 equivalent PR/ media coverage

Measured by: Media Monitoring

Delivered by: Private Sector, Torbay Council

Resources: Existing resources

Timetable: 2023-30

Our inspiration

Shelter Hall is situated on Brighton's seafront in a formerly derelict 15,000 sq. ft Victorian building. It is a pop-up food market that brings together seven independent kitchens and a bar, split over two indoor floors and an outdoor terrace. It offers emerging chefs a four-month residency, opening their first physical space and gain access to up to 100,000 customers at the venue including mentorship and training. Sessions, which operates Shelter Hall, is currently looking to expand to new destinations.



Duke Street Market opened in the heart of Liverpool city centre in 2019. Self-described as a 'social eating concept,' it features six resident kitchens providing individual food concepts, a coffee kiosk, and bar within the shell of a restored 100-year-old warehouse covering 5,000 sq. ft.



Theme 2: On and in the Water

Develop on and in the water products and activities across the destination with world class provision for 'try-me' visitor experiences, as well as providing adequate facilities and services for self-equipped enthusiasts. Develop the connection with the UNESCO Global Geopark designation, improving visitors' awareness of the environment and link to land-based active experiences. Ensure all existing and new developments are designed, developed, and operated sustainably and with a low-carbon impact, protecting the natural environment and aligning to the ambitions of Carbon Neutral Torbay and the English Riviera UNESCO Global Geopark Environmental Policy Framework and Marine User Policy.

Rationale

The 2021 ERBIDCo Visitor Survey found that 84% of visitors visited the beach/ sea (23% of visitors gave this as the main reason for the visit). Water-based activities were pursued by 21% of visitors (5% of all visitors gave this as the main reason for their visit). 46% of those who did not

take part in water-based activities found the idea appealing. Sport England states that 27.6% of the total active population are active outdoors, and according to the Watersports Participation Survey (2018) the volume of participants increased for the third year in a row. 94% of all watersports activities in 2019 took place at the coast, and 38% of all activities were in the South East and South West. The south coast dominates participation in boating activity. The most popular activities in 2018 included spending leisure time at the beach, coastal walking, and outdoor swimming. There is a long-term trend for growth in surf/body/paddle-boarding, canoeing and small sailboat activities. Covid-19 has increased the interest and appeal of water-based activity and personal wellbeing, as evidenced through VisitEngland Covid-19 Sentiment Trackers.

Action 4: Watersports Hub Development

Undertake a feasibility study into a watersports hub development ensuring alignment to Carbon Neutral Torbay and the English Riviera UNESCO Global Geopark Environmental Policy Framework and Marine User Policy. Ensure new facilities are sustainable with a low carbon impact and interpret the Geopark and align to the Torbay Story messaging.

Outcome: Feasibility study delivered

Measured by: DMG monitoring

Delivered by: Torbay Council, Tor Bay Harbour Authority, TDA, ERUGGp

Resources: £20,000 (new, one off)

Timetable: 2023-24 (feasibility)

Action 5: Business Development

Enable on and in the water/ watersports development by supporting businesses to establish themselves and grow. As above, alignment to Carbon Neutral Torbay and the Geopark.

Outcome: 10 businesses supported

Measured by: Business Survey and DMG monitoring

Delivered by: Torbay Council, Private Sector, TDA

Resources: Existing resources/ identify new funding opportunities

Timetable: 2022–30

Action 6: Packaging on and in the Water Experiences

Develop 'on and in the water' experiences for distribution through new and established channels.

Outcome: 10 new experiences presented over DMP life

Measured by: Business Survey and DMG monitoring

Delivered by: ERBIDCo, Private Sector, Meet English Riviera

Resources: Existing resources

Our Inspiration

Coppet Hall Beach Centre in Saundersfoot, Pembrokeshire is a new building that contains a restaurant, watersports retail, activity centre, new public conveniences including family changing spaces and external beach showers. The Beach Centre is an environmentally friendly building - solar panels, air source heat pumps, a sedum roof, and improved footpath and cycling access all contribute to its BREEAM 'Excellent' rating. The restaurant 'Coast' focuses on using local ingredients and is recommended in the Michelin Guide. It was funded by a mix of private and public investment including Visit Wales' Coastal Tourism Project, part funded by the European Regional Development Fund through the Welsh Government.



Sideshore is a community-owned watersports centre that opened in 2020 in Exmouth. As well as a watersports centre offering equipment hire, lessons and wellness activities, the development includes a casual seafront bar, restaurant and café run by Exeter celebrity chef Michael Caines. It is a Community Interest Company (CIC) made up of representatives from the local area. It aims to be the most sustainable building it can possibly be - all tenants have signed "green leases" to ensure there is a ban on all single use plastics, twice as many solar panels were installed than the recommended coverage to generate as much renewable energy as possible, EV charging points and bike racks have been installed to encourage greener modes of transport, and construction was undertaken by a local firm, using 100% local staff.



Theme 3: UNESCO Global Geopark

The UNESCO Global Geopark designation is an international mark of quality and distinctiveness. Because Geoparks are about the connection between a landscape and people, the UNESCO Global Geopark essentially tells the story of the English Riviera and the story of its landscape. Key opportunities are to use existing and new experiences and locations to tell those stories in original and imaginative ways, highlighting and reinforcing the designation and running the UNESCO Global Geopark 'story of the landscape' through themes such as Heritage, Culture, Food and Drink, and Leisure. Sustainable tourism, Geo-tourism and 'Slow Tourism' initiatives are consistent with protecting and interpreting the landscape and reinforce the UNESCO Global Geopark designation.

Work should align with the Torbay Heritage Strategy and the recent Heritage Interpretation Framework, a tool providing thematic interpretation across heritage (natural and built), and which also encompasses the English Riviera UNESCO Global Geopark designation, as well as complementing the Torbay Story.

Rationale

2020 research⁹ showed that 76 UK UNESCO designated destinations benefited from £151m of additional revenue as a result of their designation, mostly in the form of tourism revenues. The designation is more than geology – it is a wraparound for the heritage and culture of this unique area. While Geoparks are often not well understood by visitors, the UNESCO designation nonetheless brings with it a reputation for quality and distinctiveness that should be the foundations for destination development. As the designation must be revalidated every four years, the development of relevant tourism product strengthens the likelihood of retaining the designation.

Action 7: Geopark Interpretation

Aligning to the Torbay Heritage Strategy & Heritage Interpretation Framework, integrate UNESCO Global Geopark into more products, experiences, visitor information and support businesses with creative storytelling and visual branding. Explore options to further engage with businesses to develop ideas, such as simple toolkits and workshops. Explore developing Geopark Ambassadors to help tell the story of the Geopark while supporting the visitor welcome.

Outcome: 10% of tourism businesses using UNESCO Global Geopark in information/ marketing

Measured by: Business Survey

Delivered by: English Riviera UNESCO Global Geopark (ERUGGp), Private sector

Resources: £10,000 (one off), existing resources/ identify new funding opportunities

Timetable: 2022-30

Action 8: Digital Geopark Trails

Develop options and implement digital trails for use on mobile devices with integrated interpretation.

Outcome: 3 new digital trails created and 5000 users/ downloads

Measured by: Usage figures for trail downloads

⁹UNESCO National Value Report UK (2020)

Delivered by: ERUGGp, ERBIDCo

Resources: £15,000 (one off), identify new funding opportunities

Timetable: 2023-30

Action 9: Designated Landscape Partnership Trails and Promotion

Explore opportunities to work with other designated landscapes across the South West to promote the collection of unique landscapes and monuments.

Outcome: Twice yearly planning meetings held

Measured by: DMG monitoring

Delivered by: ERUGGp

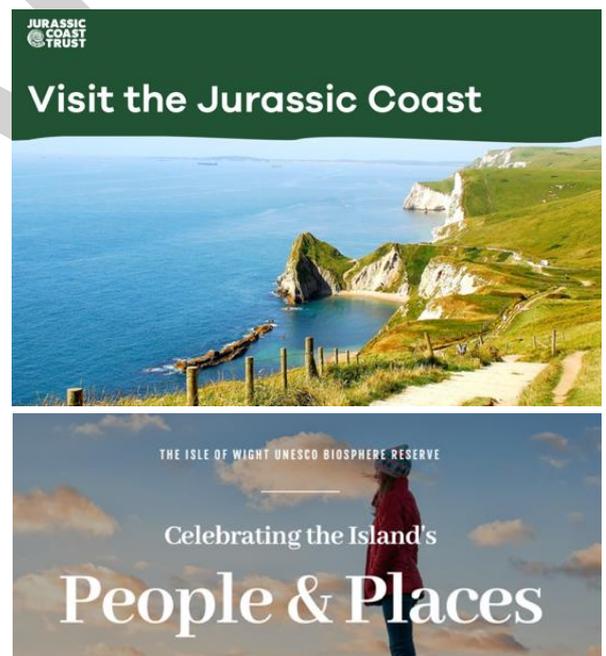
Resources: Existing resources/ to be determined

Timetable: 2023-30

Our inspiration

The Jurassic Coast stretches 95 miles along England's South West coast from Exmouth in Devon to Swanage in Dorset. It became a World Heritage Site in 2001 for the outstanding universal value of its rocks, fossils, and landforms. It celebrates the UNESCO World Heritage Site status it has been given by explaining on its [website](#) 'what's in it' for a prospective visitor and making it meaningful to them. [Visitdorset.com](#) uses the strapline 'Home of the Iconic Jurassic Coast,' giving prospective visitors the idea that they are going to experience something of real significance with a visit to the destination.

Isle of Wight was declared a UNESCO Biosphere in 2019. The focus on the tourism side has been to use the Biosphere status as a stamp of a high-quality environment and to underline the opportunities to explore that natural environment sustainably on foot or on a bike. It links existing quality natural environment experiences to the new designation. In particular, it uses the Biosphere designation to underline the quality of its stargazing experiences and Slow Travel. It explains what Biosphere means to its visitors simply and clearly on its [website](#) and provides hyperlinks to more information where appropriate. It provides a joined-up visitor experience in the natural environment via an app with cycle and walking routes, incorporating attractions and places to stay, maps and user reviews. It encourages and incentivises tourism businesses to value the environment via a green star programme that also helps visitors know which establishments support slow travel and other environmental actions.



Theme 4: Culture and Events

Align the DMP, its aims, objectives, growth markets and themes to complement and support delivery of Torbay's Cultural Development, the Torbay Heritage Strategy, Torbay Council Outdoor Events Strategy, and the recent Heritage Interpretation Framework – a useful tool for providing thematic interpretation across heritage (natural and built), and which also encompasses the English Riviera UNESCO Global Geopark designation, developed through National Lottery Heritage.

Opportunities could include focus on thematic interventions, with a single theme in each town for impact, which also aligns with the Torbay Story. Utilising the Framework as a basis and using assets from previous cultural tourism development work of 'Writers on the Riviera' for example, enabling a different type of activation or intervention, developed with local talent and partners.

Rationale

Culture and events can bring a range of direct (economic) and indirect (reputation, wellbeing, quality of life) benefits. They help animate the destination, local cultural and event programmes can strengthen the sense and distinctiveness of the place, and these are the reasons why the Council has planned significant investment over the next three years. The benefits and opportunities are well articulated in the English Riviera Cultural Tourism Strategy and these recommended actions align with the ERBID2 Business Plan and Torbay Council Outdoor Events Strategy.

Action 10: Thematic Interventions

Undertake a critical appraisal of current programming against the aims of the DMP and the thematic framework to identify signature events across the three towns to strengthen the cultural offer to attract new visitors.

Outcome: 3 signature events

Measured by: Critical appraisal

Delivered by: Torbay Culture, Torbay Council, ERBIDCo

Resources: Existing resources

Timetable: 2022-30

Our inspiration

Blackpool's CultureBlackpool project showcases and highlights the cultural offer that currently exists in-resort to visitors and residents. It has created a new partnership between public and private sector partners to promote Blackpool's back story of architecture, heritage, exhibitions, internationally acclaimed installations, and events to its 142,000 residents and 18 million visitors. It has launched a new B/Side Campaign in a bid to flip expected perceptions of Blackpool and persuade people to 'tune in,' look up and around, and to appreciate the cultural side of the resort.

Galway is renowned for its vibrant lifestyle and for hosting numerous festivals such as Galway International Oyster Festival, an annual free event held on the last weekend of September in the centre of the city attracting tens of thousands of visitors. According to Tourism Ireland, it has been called "one of the greatest events on earth."



5. Markets, Positioning and Branding

Marketing Review

The English Riviera BID Company delivers the destination marketing for the English Riviera which includes the website, a suite of print and management of social media channels. The ERBIDCo has invested heavily in digital marketing and the new business plan (ERBID2) sets out the direction of travel and marketing investment over the next five years (2022-27).

The marketing takes a broad and inclusive approach, encompassing a wide range of locations, attractions, activities, and themes. Whilst this is understandable given the nature of the destination, the sense of 'something for everyone' is in danger of diluting the overall proposition. Across channels and campaigns, a variety of straplines are used, and although these may be complementary, there is a risk of potentially confusing the visitor and weakening the brand.

The term 'English Riviera' is however rarely used by the visitors or by travel media; greater recognition often lies with the three towns, and Torquay in particular. Visitors tend to speak of the area fondly, again reflecting high levels of repeat visits, (but non-visitors much less so). Awareness levels are low among non-visitors who do not tend to see it as a place to aspire to visit. It rates particularly low in terms of heritage, culture, and food. The travel media generally presents the destination in positive terms and has attracted many positive articles and media coverage in recent times.

Positively, from a business perspective, there is widespread buy-in and use of 'English Riviera' in promotional activity, creating a sense of pride in place. The complexity of the brand architecture is evidenced however in the business survey undertaken as part of this DMP review. This revealed that around three-quarters of businesses strongly identify with 'English Riviera' as the destination brand. In addition, businesses also identified with their town – around half identifying with Torquay, and around a third also identify with South Devon/ South Devon Coast.

Moving Forward

There is a challenge in communicating a multi-faceted destination brand which encompasses several places and propositions. The changing attitudes, perceptions and desires of a market faced with numerous choices create further challenges. The English Riviera has a long history and must ensure it continues to be relevant to new visitor markets, presenting them with a clear, memorable, and compelling propositions.

Beyond the branding of the destination, work has been done locally in developing the Torbay Story (launched in January 2022) which is intended to cut across all three towns and support all sectors, encourage inward investment, and nurture civic pride. While the destination brand is focused on visitors, it does make sense for it to align with the wider Torbay Story vision, as already mentioned in DMP growth themes, so that all place-related marketing is synergistic and reinforcing.

All of these factors therefore suggest it is timely to review the English Riviera brand to ensure the positioning of the destination will support the vision for tourism and developing the visitor economy. This review must be market-focused and informed by the opinions and perceptions of current visitors and non-visitors (from the target segments identified within this plan).

The outcome of this research should be shared with businesses, partners, and key stakeholders to consider what, if any, changes in approach are needed. This could include how the destination brand should be communicated in the marketplace, within a clear architecture of places and propositions which define the destination, position it clearly and convey what and where it is – and who it is for.

Branding and Marketing – Delivery Tasks

Task 1: Market Research

Primary research among leisure visitor and non-visitors to explore current brand perceptions and associations, names, places, and straplines.

Outcome: Increased market knowledge and insight to inform more effective marketing

Measured by: Research outputs and action taken

Delivered by: ERBIDCo (lead), TDA (support)

Resources: £20,000 (per annum), new

Timetable: 2022-23

Task 2: Brand Strategy Review

Informed by the findings of the market research, engage stakeholders in reviewing and updating branding strategy and marketing assets. Consider producing brand toolkits for businesses to adopt. Reconfigure marketing collateral and channels accordingly.

Outcome: Improved destination awareness and appeal among target segments

Measured by: Visitor Surveys, Media tracking,

Delivered by: ERBIDCo

Resources: £10,000 (one off), new

Timetable: 2022-24

Task 3: Marketing Strategy Review

Review the marketing strategy and update accordingly to the themes and target segments in the DMP. Review and refine messaging/activity where appropriate.

Outcome: Increased market exposure

Measured by: Increase visits from target segments, Visitor Surveys, Content generated, Sentiment tracking

Delivered by: ERBIDCo

Resources: Existing resources

Timetable: 2022-27

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6. Destination Management

The visitor experience must be a consistent high-quality right across the destination with 'brilliant basics' (parking, access, toilets, services, waste etc), animated and attractive towns in which to stay, linger, shop, and eat, alongside the attractions and experiences that are the main reason for visiting.

The 'brilliant basics' are things which don't in themselves drive visits, but influence visitor's enjoyment, spend and dwell-time in the destination; and crucially if they are missing or poorly managed will negatively influence the resort's reputation.

The public sector usually has an important role to play and while the Destination Management Group is not responsible for these services, it needs to influence and engage with those who are responsible.

There are seven Destination Management priorities, the delivery tasks for each are set out below:

Priority 1 - Visitor Accommodation

The management of accommodation change of use with Council planning policies is essential to avoid the risk and drift toward low quality visitor accommodation. This includes the provision of temporary, emergency, and short-term residential accommodation within the areas of tourism, (e.g., Core Tourism Investment Areas), which could damage the reputation of the destination and create conflict with neighbouring visitor-focused businesses.

It is better to support the transition to alternative uses which complement the ambitions for the remaining visitor accommodation and the objectives set within this Plan to drive the visitor economy. Torbay has 31,000 bedspaces and, even though half of it is non-serviced, the remaining 15,000 spaces still represents an over-supply.

Task 4: Policy Review

Review the Local Plan and prepare supplementary planning documents to assist in transition of redundant accommodation.

Outcome: 2% reduction in serviced accommodation stock

Measured by: Hotel Stock Study in 2027

Delivered by: Torbay Council

Resources: Existing resources

Timetable: 2023-30

Priority 2 - Brilliant Basics

Public services and open spaces, such as beach management, cleansing, signage, toilets, grounds maintenance, planting, parking, public safety, and lighting are all examples of things which contribute to the visitor welcome, experience, enjoyment, and overall satisfaction of the destination.

Consideration is therefore needed for the management of these services to support the objectives of this plan to grow the visitor economy all year round. Service providers, such as Torbay Council, should welcome the findings from visitor surveys and the DMG should ensure this happens and for the relevant services to proactively engage and where possible improve these 'Brilliant Basics.'

Task 5. Joint Response to Visitor Surveys

Undertake a review exercise across delivery teams to plan actions that address the findings of visitor surveys.

Outcome: Lift all survey scores above 4 or by 0.5 points ('21 baseline)

Measured by: (Annual) Visitor Survey

Delivered by: Torbay Council, ERBIDCo, TDA (support)

Resources: Existing resources

Timetable: 2022-27

Priority 3 - Towns and Connectivity

There are examples of excellent public realm across the three towns, but there are also areas in which it is poor and areas where retail is struggling. In some cases, investment through the Towns Fund and other programmes are being used to improve the public realm, but further work is needed in areas that include for example around the Inner Harbour in Torquay and the area around Brixham Harbour. These are areas with potential for visitors and which would benefit from improved design and investment.

The three towns are part of the English Riviera offer and connectivity including signage between the towns should be reviewed to see how it can be improved for visitors. This includes all modes of travel, public transport, and low carbon impact, including green travel options. Future development of cruise-tourism by Tor Bay Harbour Authority and ERBIDCo, should aim to maximise the impact from day visitors in terms of spend and actively address and mitigate environmental impacts.

Task 6: Public Realm Improvements

Further develop public realm improvement plans for visitor areas. Focus on Brixham Harbourside and Torquay Inner Harbour to complement and enhance improvements around the Strand.

Outcome: Score 4.5 on Visitor Survey in these specific locations

Measured by: (Annual) Visitor Survey

Delivered by: Torbay Council, ERBIDCo, TDA (support)

Resources: £75,000 (TBD, one off, concept design)

Timetable: 2022-30

Task 7: Bus Network Improvements

Explore options to rename (rather than number) the visitor routes and align to the Geopark story e.g. 'The English Riviera Route.'

Outcome: Score 4.5 on 'Public Transport – Quality'

Measured by: (Annual) Visitor Survey

Delivered by: ERBIDCo, transport providers, ERUGGP

Resources: TBD

Timetable: 2022-27

Task 8: Cruise Development

Develop shore excursions and tailor-made experiences for cruise operators which relate to the development themes of this DMP.

Outcome: Three new shore excursion programmes developed

Measured by: Business survey and cruise arrivals

Delivered by: Tor Bay Harbour Authority, ERBIDCo, private sector

Resources: Existing resources

Timetable: 2022-30

Priority 4 - Sustainable Tourism

Ensuring clean growth and low-carbon actions are implemented as part of any new developments, including those outlined in the growth priorities of this DMP are necessary to protect and enhance our naturally inspiring bay and if the English Riviera is serious about becoming a sustainable destination. By working in collaboration and aligning the DMP with the ambitions of Carbon Neutral Torbay and Torbay Climate Partnership will help the destination to achieve these aspirations. There is also a unique opportunity to use the UNESCO Global Geopark designation as a focus for sustainable tourism in the area and maximise engagement with businesses and visitors.

There is a growing need to address climate change and consider measures that would have the greatest impact in reducing the climate impact from tourism to the English Riviera. Baselineing the current impacts and developing measures that work across the three domains of business, visitors and the destination will drive improvements. This cannot happen overnight, and support is needed to identify the right opportunities over time and to help our businesses to decarbonise and take

advantage of the economic benefits achieving carbon neutrality will bring, which can only happen through collaboration.

Task 9: Green tourism for business

Explore options and encourage businesses to achieve the Green Tourism Award (or other zero/carbon neutral programmes), aligning to Carbon Neutral Torbay, to showcase exemplars of good practice and supporting the overall reputation of the destination.

Outcome: 5% of tourism businesses accredited by Green Tourism

Measured by: Award take up

Delivered by: Torbay Council, Torbay Climate Partnership, ERUGGp, Private sector, ERBIDCo

Resources: Existing resources/ identify new funding opportunities

Timetable: 2022-30

Task 10: Carbon Neutral Torbay

Explore the options to align Carbon Neutral Torbay with the UNESCO Glasgow Declaration on Climate Change as a commitment to a more sustainable visitor economy.

Outcome: Deliver Declaration Action Plan

Measured by: Annual monitoring of Plan

Delivered by: Torbay Council, Torbay Climate Partnership, ERUGGp, DMG, Private sector

Resources: Existing resources/ identify new funding opportunities

Timetable: 2022-30

Priority 5 – Skills

Making tourism an attractive career choice for young people with exciting career pathways needs to start early and is essential to growing the visitor economy. Connecting businesses with educational establishments for work experience, career talks, to highlight the career pathways and local green jobs will help to relaunch the sector and recover from the impacts of Covid-19 building the skills and workforce to help deliver carbon neutral.

The visitor economy is a broad sector encompassing accommodation, culture, heritage, attractions, activities, events, hospitality, tour operators and more, all requiring a mixture of universal and specialist skills and offering long term, all year-round career options. The English Riviera is fortunate to have South Devon College in its boundary which should lead on skills development for the sector and engagement with schools, businesses, and young people. There are a wide range of skills and education programmes delivered by the College including 16–18-year-old studies, apprenticeships, adult skills, and higher education, which can support increasing skills and sustainable employment in the sector. The College also has a good reputation of

working with businesses to develop curriculum to meet the needs of the sector, (e.g., the alignment of the UNESCO Geopark with outdoor curriculum). These opportunities should be further explored further, as well as improving links with local schools and Careers Information Advice and Guidance.

Task 11: Education Business Plans for Tourism

Annual plan for business engagement in education supporting career pathways for young people.

Outcome: 10 businesses engaged

Measured by: Review of annual plan

Delivered by: SDC, Private Businesses

Resources: Existing resources

Timetable: 2022-30

Action 23: Workforce Skills

Annual plan to increase business engagement to improve the skills of the workforce (and the unemployed) through take up of programmes.

Outcome: 10 businesses engaged

Measured by: Review of annual plan

Delivered by: SDC, Private Businesses

Resources: Existing resources

Timetable: 2022-30

Priority 6 - Research and Insights

Research, data, and insights is an important function which will help better understand English Riviera visitors, track performance, and assess the impact of the DMP. As well as visitor research, economic impact studies and accommodation performance should be used to track destination performance. A small number of KPIs including accommodation occupancy and yield, destination spend, and employment are the best measures for tracking performance. More detailed analysis can be added to this baseline and ad hoc studies (e.g. Visitor Surveys, Overseas Market Studies etc) can be undertaken over time.

Task 13: Annual Performance Review

Deliver a number of annual surveys to review destination performance.

Outcome: Surveys delivered and shared with businesses/ stakeholders

Measured by: Review of ERBIDCo business plan activity

Delivered by: ERBIDCo

Resources: £40,000 (per annum), existing resources

Timetable: 2022-27

Priority 7 - Business Tourism

Support should be given to the development of Meet English Riviera to capitalise on the clean growth opportunities for business tourism. While competition is fierce, the range and quality of venues in the English Riviera and the proximity to business and universities in Exeter, Plymouth and the surrounding area does present some opportunities. In the short term, many of these opportunities are constrained by Covid-19, but over the period of this DMP the sector is likely to recover. The £70bn value of the sector dropped by £59bn in 2020 and, despite some recovery in late 2021, is likely to take some time to fully recover due to international travel restrictions and risks to event organisers. Improving the capability of businesses to offer hybrid events will continue to be important for future success.

Task 14: Meet English Riviera

Develop activity to support conference sales and marketing activity over the life of the DMP.

Outcome: £5m value of conference bookings over life of DMP

Measured by: Enquiry monitoring

Delivered by: Meet English Riviera

Resources: £25,000 (per annum), identify new funding opportunities

Timetable: 2022-30

7. Delivery and Organisation

Roles and Responsibilities

The Destination Management Group (DMG) has a critical role in bringing the different organisations and tourism businesses together to create an integrated collaborative approach to development, marketing, and sustainable management of the English Riviera. Places that do tourism 'well' are joined up in their ambition and approach – a fact highlighted in the recent independent De Bois review of DMOs and further reinforced locally by the Torbay Story.

The English Riviera should therefore continue with its approach to destination management, with the DMG having collective responsibility for implementing the new Destination Management Plan, making best use of existing resources, working together in partnership, and attracting further investment where needed to deliver the DMP's objectives. There are some clear roles and responsibilities for the different DMG partners, and for this plan to be effectively implemented public services, operational leads and frontline tourism businesses should also be involved – the approach to take with membership is an early delivery task of the DMG to take this plan forward.

The DMG is working well and with the fresh impetus and focus of this plan, the DMG should be the main body for delivery and monitoring progress. The mix of private and public sector partners is representative of the sector and while membership should be continually reviewed, the DMG should not grow too big and unmanageable. Within the partnership different organisations will lead on priorities relevant to their specialist knowledge and capabilities E.g:

- ERBIDCo will lead on destination marketing, brand delivery, industry engagement and visitor research
- South Devon College will lead on skills and connecting the tourism industry to careers advice.
- TDA will continue to provide secretariat support to the DMG
- Torbay Council will lead on public services and the 'brilliant basics'
- Meet English Riviera, English Riviera Global Geopark Organisation, Torbay Culture Board, Torbay Business Forum, and Tor Bay Harbour Authority will lead or support on the specific actions identified within the DMP.

It is also important to recognise that the DMG and its members are giving their time in addition to their 'day job' and there are demands arising from the DMP which need a resourced executive to take them forward (secretariat support is currently provided by TDA). This document clearly sets out who is responsible for different priorities and actions reflects the specialism, knowledge, and capabilities of the DMG partners (subject to change).

Task 15: DMG Terms of Reference and Annual Review

Includes review of terms of reference, membership, responsibilities of actions, progress monitoring via data dashboard and resourcing plans.

Outcome: Annual TOR and action plan progress

Measured by: Annual Review

Delivered by: TDA, DMG

Resources: Existing resources

Timetable: 2022-30

Investment and Resources

The DMP provides a strategic approach to developing the destination over the next eight years. In some cases, the immediate next steps necessitate further work such as feasibility studies or development plans, and the DMP provides the template against which future investment can be evaluated. 'Quick wins' will be identified by partners and detailed planning will identify specific resource requirements over and above existing allocations.

Delivery may require re-allocation, re-focussing of existing resources or new funding. Having a detailed DMP will support funding bids from Government or other agencies. The UK Government published its Tourism Recovery Plan¹⁰ in June 2021 and will identify the support available at business, destination, and national level. While the overall headline budgets are substantial, the funds identified in many cases cover a range of economic sectors and the whole of England. Nonetheless for a destination with a clear plan and a built-in commitment to partnership working, the following in particular offer opportunities for the English Riviera:

- Town Fund Investment
- Future High Streets Fund
- Cultural Investment Fund
- Green Recovery Challenge Fund
- Getting Building Fund
- Levelling Up Fund
- UK Shared Prosperity Fund
- National Lottery Heritage Funding
- VisitEngland/VisitBritain Funding
- Net Zero 2050 policies (expected will result in investment in carbon reduction initiatives)

Note:

Resource requirements within this DMP are estimated and further detailed review is required to determine the extent to which costs can be met from existing resources or if new funding needs to be secured. Delivery arrangements and lead organisations are subject to change and re-allocation by DMG partners.

¹⁰[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/992974/Tourism Recovery Plan Web Accessible .pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/992974/Tourism_Recovery_Plan_Web_Accessible_.pdf)

This document can be made available in other languages and formats.
For more information, please contact ****insert your team email or phone
no. here****

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Record of Decisions

Amendment to the Resources and Waste Management Strategy 2020-2023

Decision Taker

Cabinet on 30 August 2022.

Decision

That the Cabinet recommends to Council:

1. That within Action 2 of the approved Resources and Waste Management Strategy 2022-2023:
 - a. The sixth paragraph be deleted; and
 - b. The words “To support any changes to the frequency of residual waste collections” be deleted from the start of the seventh paragraph.
2. That within the Regional Context section of the Strategy:
 - a. The first sentence of the final paragraph be deleted; and
 - b. The start of the second sentence of the final paragraph be amended to read “East Devon District Council found...”.

Reason for the Decision

The reason for the decision is to provide clarity within the Council’s Policy Framework about the future plans for the collection of residual waste.

Implementation

The recommendation of the Cabinet will be considered at the Council meeting on 15 September 2022.

Information

The Resource and Waste Management Strategy 2020 – 2023 was approved by Council in February 2021. Although the Strategy included a reference to undertaking a trial of a reduction in the frequency of residual waste collections, this was not included within the Action Plan associated with the strategy.

The Council and SWISCo were working hard to increase recycling rates, thereby reducing the amount of residual waste that households generate. However, it was felt that the ongoing inclusion of the potential for this trial could cause a distraction from the important work to improve the levels of household recycling in the Bay.

At the meeting, Councillor Morey proposed and Councillor Steve Darling 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 option would be to make no changes to the Resource and Waste Management

Strategy. However, it is felt that by removing the references to a trial of a reduced frequency of collection of residual waste, the Council was able to provide clarity about its future plans in this regard.

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

2 September 2022

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

Meeting: Cabinet

Date: 30 August 2022

Wards affected: All Wards

Report Title: Amendment to the Resources and Waste Management Strategy 2020-2023

Cabinet Member Contact Details: Councillor Mike Morey, Cabinet Member for Infrastructure, Environment and Culture, mike.morey@torbay.gov.uk

Director/Divisional Director Contact Details: Alan Denby, Divisional Director of Economy, Environment and Infrastructure, alan.denby@torbay.gov.uk

1. Purpose of Report

- 1.1 The Resource and Waste Management Strategy 2020 – 2023 was approved by Council in February 2021. Although the Strategy includes a reference to undertaking a trial of a reduction in the frequency of residual waste collections, this was not included within the Action Plan associated with the strategy.
- 1.2 The Council and SWISCo are working hard to increase recycling rates, thereby reducing the amount of residual waste that households generate. However, it is felt that the ongoing inclusion of the potential for this trial could cause a distraction from the important work to improve the levels of household recycling in the Bay.

2. Reason for Proposal and its benefits

- 2.1 The proposals in this report help us to deliver our ambition by ensuring that there is a sustained focus on increasing recycling rates across Torbay. This is part of our work to tackle climate change.
- 2.2 The reason for the decision is to provide clarity within the Council's Policy Framework about the future plans for the collection of residual waste.

3. Recommendation(s) / Proposed Decision

That the Cabinet recommends to Council:

1. That within Action 2 of the approved Resources and Waste Management Strategy 2022-2023:
 - a. The sixth paragraph be deleted; and

- b. The words “To support any changes to the frequency of residual waste collections” be deleted from the start of the seventh paragraph.
2. That within the Regional Context section of the Strategy:
 - a. The first sentence of the final paragraph be deleted; and
 - b. The start of the second sentence of the final paragraph be amended to read “East Devon District Council found...”

Supporting Information

1. Introduction

- 1.1 The Resource and Waste Management Strategy 2020 – 2023 was approved by Council in February 2021: www.torbay.gov.uk/waste-management-strategy
- 1.2 Although the Strategy includes a reference to undertaking a trial of a reduction in the frequency of residual waste collections, this was not included within the Action Plan associated with the strategy.
- 1.3 The Council and SWISCo are working hard to increase recycling rates, thereby reducing the amount of residual waste that households generate. However, it is felt that the ongoing inclusion of the potential for this trial could cause a distraction from the important work to improve the levels of household recycling in the Bay.
- 1.4 The Resource and Waste Management Strategy forms part of the Council’s Policy Framework and therefore the Constitution requires that any changes need to be subject to consultation.
- 1.5 Consultation of the proposed change to the Strategy took place between 24 July and 21 August 2022. As part of the consultation, we also asked residents for their ideas on how the Council could increase recycling in Torbay.

2. Options under consideration

- 2.1 The alternative option would be to make no changes to the Resource and Waste Management Strategy. However, it is felt that by removing the references to a trial of a reduced frequency of collection of residual waste, the Council is able to provide clarity about its future plans in this regard.

3. Financial Opportunities and Implications

- 3.1 The Council and SWISCo will continue to encourage an increase in recycling and therefore a reduction in residual waste. Recovering more materials for recycling reduces the cost of

disposing of residual waste, and gives a double benefit because in most cases the material is recovered as recyclate which will have an associated income.

4. Legal Implications

4.1 There are no legal implications arising from the recommendation.

5. Engagement and Consultation

5.1 Consultation on the proposed change to the Resource and Waste Management Strategy was undertaken between 24 July and 21 August 2021. At the same time, residents were asked to share their ideas for increasing recycling rates in Torbay. The consultation was promoted via the Council's social media channels and through articles in One Torbay (our weekly e-newsletter).

5.2 425 people visited at least one page of the consultation website, with 32 contributing to the poll on the proposed change to the Strategy and 45 providing ideas. A total of 50 ideas were shared, with 67 "likes" and 16 comments (a total of 133 contributions).

5.3 The consultation poll asked:

As there are no plans to trial a reduced frequency of residual waste collections, how strongly do you support its removal from our Resource and Waste Management Strategy?

19 people (59%) strongly supported the removal

4 people (13%) somewhat supported the removal

2 people (6%) were unsure

7 people (22%) did not support the removal

5.4 The ideas which have been provided can be seen on the consultation webpage (<https://yoursay.torbay.gov.uk/resource-and-waste-management-strategy>) and analysis and consideration is being given to these. Feedback to respondents will be provided in the coming weeks (and will be available on the website).

6. Purchasing or Hiring of Goods and/or Services

6.1 Not applicable

7. Tackling Climate Change

7.1 The Council remains committed to increasing recycling rates as part of tackling climate change. Work is continuing through a variety of means to encourage residents to recycle.

It is expected that we can use the feedback from the consultation to focus that activity on areas which have the highest impact.

8. Associated Risks

8.1 There are no risks associated with this recommendation.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			There is no differential impact.
People with caring Responsibilities			There is no differential impact.
People with a disability			There is no differential impact.
Women or men			There is no differential impact.
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			There is no differential impact.
Religion or belief (including lack of belief)			There is no differential impact.
People who are lesbian, gay or bisexual			There is no differential impact.
People who are transgendered			There is no differential impact.
People who are in a marriage or civil partnership			There is no differential impact.
Women who are pregnant / on maternity leave			There is no differential impact.
Socio-economic impacts (Including impact on			There is no differential impact.

child poverty issues and deprivation)			
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact.

10. Cumulative Council Impact

10.1 None

11. Cumulative Community Impacts

11.1 None

Record of Decisions

SWISCo Vehicle, Equipment and Building Structure Replacement

Decision Taker

Cabinet on 30 August 2022.

Decision

That Cabinet recommends to Council:

1. That a loan for a capital purpose of up to £4m is approved by the Council to fund the replacement of SWISCo vehicles, equipment and building structures over the next three financial years. The loan to be funded from prudential borrowing with SWISCo repaying the loan on an annuity basis over the expected asset life, typically 7 years for a vehicle; and
2. That Council delegate the approval of each drawdown to the Deputy Chief Finance Officer in consultation with the Leader of the Council and Cabinet Member for Finance.

Reason for the Decision

Supporting this loan activity would enable new vehicles and equipment to be purchased by SWISCo when both needed and when best to do so. In addition, over time the premises that SWISCo operate from such as the Waste Transfer Station will need investment in the structure of the buildings.

Implementation

The recommendation of the Cabinet will be considered at the Council meeting on 15 September 2022.

Information

SWISCo inherited most of its vehicles and equipment from TOR2 with the Council purchasing several refuse collection vehicles over the past two years. SWISCo also currently hire several vehicles.

As part of its emerging vehicle replacement strategy SWISCo will need to both replace older vehicles and will also, if financially beneficial, look to purchase vehicles rather than pay hire costs.

It was proposed that a loan for a capital purpose of up to £4m should be made available to SWISCo to fund the replacement of vehicles and equipment over the coming years. The loan would be funded from prudential borrowing with SWISCo repaying the loan on an annuity basis over the expected asset life, typically 7 years for a vehicle.

In addition, the premises that SWISCo operate from such as the Waste Transfer Station also need investment in the buildings to ensure that health and safety, environmental and other legislative requirements are met.

At the meeting Councillor Cowell proposed and Councillor Steve Darling 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.

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.

Published

2 September 2022

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

Meeting: Cabinet

Date: 30 August 2022

Council

15 September 2022

Wards affected: All

Report Title: SWISCo Vehicle, Equipment and Building Structure Replacement

When does the decision need to be implemented? Ongoing from September 2022

Cabinet Member Contact Details: Councillor Darren Cowell, Cabinet Member for Finance

Director/Divisional Director Contact Details: Martin Phillips, Director of Finance

1. Purpose of Report

- 1.1 To provide a loan facility to SWISCo to enable the purchase of replacement vehicle and equipment required for the company's ongoing operation.
- 2.1 SWISCo is a wholly owned council company providing a wide range of services to the Council including waste collection, highways and street cleansing. To provide these services a range of vehicles and equipment are required. Over time these assets will need to be replaced. Supporting this loan activity will enable new vehicles and equipment to be purchased by SWISCo when both needed and when best to do so. In addition, over time the premises that SWISCo operate from such as the Waste Transfer station will need investment in the structure of the buildings.

3. Recommendation(s) / Proposed Decision

Cabinet recommend to Council:

- 3.1. That a loan for a capital purpose of up to £4m is approved by the Council to fund the replacement of SWISCo vehicles, equipment and building structures over the next 3 financial years. The loan to be funded from prudential borrowing with SWISCo repaying the loan on an annuity basis over the expected asset life, typically 7 years for a vehicle.
- 3.2 That Council delegate the approval of each drawdown to the Deputy Chief Finance Officer in consultation with the Leader of the Council and Cabinet Member for Finance.

Supporting Information

1. Introduction

- 1.1 SWISCo inherited most of its vehicles and equipment from TOR2 with the Council purchasing several refuse collection vehicles over the past two years. SWISCo also currently hire several vehicles.
- 1.2 As part of its emerging vehicle replacement strategy SWISCo will need to both replace older vehicles and will also, if financially beneficial, look to purchase vehicles rather than pay hire costs.
- 1.3 This report proposes that a loan for a capital purpose of up to £4m is approved by the Council to fund the replacement of vehicles, equipment over the coming years. The loan would be funded from prudential borrowing with SWISCo repaying the loan on an annuity basis over the expected asset life, typically 7 years for a vehicle.
- 1.4 In addition, the premises that SWISCo operate from such as the Waste Transfer station will need investment in the buildings to ensure that health and safety, environmental and other legislative requirements are met. The loan length on these types of assets will be longer.
- 1.5 The loan will be drawn down in separate requests depending on SWISCo's replacement needs. Each purchase will be considered by the SWISCo board before a drawdown request is made to the Council to ensure the proposal meets best value and all other options have been considered.
- 1.6 It is recommended that Council delegate the approval of each drawdown to be the Deputy Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance. A loan agreement with a repayment schedule will then be agreed.

2. Options under consideration

- 2.1 SWISCo will consider the most appropriate recommendation for each purchase including consideration of:
 - a) cost of replacement compared to higher repair costs as vehicle ages
 - b) cost of replacement compared to any service gains from new vehicles
 - c) cost of replacement compared to a hire arrangement
 - d) consideration of buying "green" replacements as part of Council's climate change agenda.

3. Financial Opportunities and Implications

- 3.1 As described in section 1.3 to 1.5 above

- 3.2 Initial financial modelling by SWISCo predicts that if some vehicles currently hired are purchased this will generate a cost saving. The allocation of £4m will provide the ability to SWISCo to purchase vehicles. It should be noted that the value of SWISCo's owned vehicles and equipment (current net value of £5m) exceed the loan request so depending on service needs and repayments, an additional request may be needed in a future year.
- 3.2 The Council's Chief Finance officer is also currently a Director of SWISCO so to avoid any conflict of interest the delegation in 1.5 above will be to the deputy chief finance officer.

4. Legal Implications

- 4.1 A loan agreement with a repayment schedule will need to be agreed for each draw down approved.

5. Engagement and Consultation

- 5.1 Not applicable for these purchases

6. Purchasing or Hiring of Goods and/or Services

- 6.1 All purchases will be made in consultation with the Council's procurement team to ensure best value and compliance with legislation.

7. Tackling Climate Change

- 7.1 SWISCO recognises the Council's clear climate change ambitions. These considerations will be part of any purchase decision. If there is a price differential between a "green" vehicle and the current specification, then SWISCO may approach the Council to fund the difference from its £1m allocation for climate change approved as part of the 2022/23 budget.

8. Associated Risks

- 8.1 If vehicles are not replaced at the end of their useful life then there could be higher repair costs and possible increased health and safety risks.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			no differential impact

People with caring Responsibilities			no differential impact
People with a disability			no differential impact
Women or men			no differential impact
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			no differential impact
Religion or belief (including lack of belief)			no differential impact
People who are lesbian, gay or bisexual			no differential impact
People who are transgendered			no differential impact
People who are in a marriage or civil partnership			no differential impact
Women who are pregnant / on maternity leave			no differential impact
Socio-economic impacts (Including impact on child poverty issues and deprivation)			no differential impact
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			no differential impact

10. Cumulative Council Impact

10.1 None

11. Cumulative Community Impacts

11.1 None

Record of Decisions

Budget Monitoring 2022/23 - April to July 2022 Revenue Outturn Forecast and April to June 2022 Capital Outturn Forecast

Decision Taker

Cabinet on 27 September 2022.

Decision

That Cabinet Recommends to Council that:

1. The increase of the capital contingency budget to a total of £12m, with the allocation of the same to be delegated to the Chief Finance Officer in consultation with the Leader of the Council and Cabinet Member for Finance be approved. In increasing the capital contingency budget Council recognise that the increased costs of schemes may mean that the revised total scheme costs would be outside of the thresholds set for the Economic Growth Fund at the time of approval; and
2. the TorVista Homes working capital facility be increased from £1.0m to £1.5m.

Reason for the Decision

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

Implementation

The recommendations of the Cabinet will be considered at the Council meeting on 13 October 2022.

Information

The Budget Monitoring report 2022/23 set out a high-level budget summary of the Council's revenue (April to July 2022) and capital (April to June 2022) position for the financial year 2022/23. The Council was facing significant external pressure due to the wide-reaching UK implications of the current economic situation. The levels of cost inflation impacting the Council were affecting almost every single service and were expected to be a 'recurring theme' when looking to set the budget for 2023/24 and draft the Medium-Term Resource Plan.

The Cabinet welcomed and supported the establishment of the Overview and Scrutiny 2022/2023 Budget Pressures Review Panel. At the meeting Councillor Cowell proposed and Councillor Long 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.

Published

30 September 2022

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

**Agenda Item 8, Budget Monitoring 2022/23 – April to July
2022 Revenue Outturn Forecast & April to June 2022 Capital
Outturn Forecast**

Officer Revised Recommendation

Cabinet Meeting

27 September 2022

Revised Recommendation:

That Cabinet Recommends to Council that:

1. The increase of the capital contingency budget to a total of £12m, with the allocation of the same to be delegated to the Chief Finance Officer in consultation with the Leader of the Council and Cabinet Member for Finance be approved. In increasing the capital contingency budget Council recognise that the increased costs of schemes may mean that the revised total scheme costs would be outside of the thresholds set for the Economic Growth Fund at the time of approval; and
2. the TorVista Homes working capital facility be increased from £1.0m to £1.5m.

Meeting: Cabinet

Date: 27 September 2022

Wards Affected: All Wards

Report Title: Budget Monitoring 2022/23 – April to July 2022 Revenue Outturn Forecast & April to June 2022 Capital Outturn Forecast

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Lead Contact Details: Darren Cowell, Cabinet Member for Finance
Darren.cowell@torbay.gov.uk

Supporting Officer Contact Details: Sean Cremer, Deputy Head of Finance
Sean.Cremer@Torbay.gov.uk, 01803 20 7553

1. Purpose and Introduction

- 1.1. This report provides a high-level budget summary of the Council's revenue and capital position for the financial year 2022/23 which commenced on 1st April 2022. This report is based on the budget and forecasts.
- 1.2. The Council is facing significant external pressure due to the wide-reaching UK implications of the current economic situation. The levels of cost inflation impacting the Council are affecting almost every single service & are expected to be a 'recurring theme' when looking to set the budget for 2023/24 and draft the Medium-Term Resource Plan.
- 1.3. The Council's draft overspend for 2022/23 was forecast to be **£3.564m**. Since this position was presented to the Senior Leadership Team, mitigation has been identified by officers which reduces this overspend to **£1.21m**.
- 1.4. This mitigation required to achieve this position will require robust oversight and scrutiny from the Council's Section 151 Officer, all of the Directors and their teams. This level of overspend is **above** the tolerance that the Section 151 Officer believes to be manageable. The Section 151 Officer will take action without delay to identify further mitigation which will be presented as part of the Quarter 2 2022/23 report.
- 1.5. The Capital Plan budget totals **£256m** for the 4-year programme, with **£52m** forecast to be spent in 2022/23, including **£27m** on regeneration and **£8m** on various education projects. Of the £256m, £114m relates to borrowing approvals for Growth Fund and Housing awaiting proposals.

2. Recommendation (s) / Proposed Decision

Recommendations for Cabinet

- 2.1. That Cabinet notes the report & recommends that Council approve the increased Capital Contingency from £4m to a total of £12m. The impact of this decision will result in an ongoing impact of £0.8m. This requires an additional £0.6m to be included in the 2023/24 draft budget. Allocation of contingency to be delegated to Chief Finance Officer in consultation with Leader of the Council and Cabinet Lead for Finance and reported to Cabinet.
- 2.2. That Cabinet approves the increase of £0.5m to the working capital facility provided by the Council to TDA, taking the total working capital facility to £1.5m.

3. 2022/23 Budget Summary Position

- 3.1. In order to deliver a mitigated overspend of **£1.21m** the Councils Section 151 Officer and Chief Executive will introduce increased scrutiny on all recruitment and expenditure commitments.
- 3.2. Mitigation also includes the cessation of spending any Council funded 'one-off' monies, projects or carry forward monies which do not result in direct, tangible cost mitigation or cost reduction for the 2022/23 position.
- 3.3. More direct oversight on spend decisions will be undertaken by Directors and other key Statutory officers within the Council.
- 3.4. Consideration will also be given to opportunities to generate increased income by factoring in the increased cost of delivery into fees & charges.

3.5. **Further mitigation will be required to deliver a balanced budget.**

- 3.5.1. There are a number of areas upon which officers remain focussed and are closely monitoring given their potential impact, namely:
- 3.5.2. The legacy costs of Covid-19 and the transition to the more regular Public Health protection and response work.
- 3.5.3. For another year variations to income are a risk. This includes collection fund income (Council Tax £78.1m and Business Rates £35.6m) and within services notably parking income where the changes to household income will impact key funding streams for local service delivery.
- 3.5.4. The continuous improvement journey within Children's Services which remains crucial to the Council's medium term financial stability and will be required to mitigate national issues which are starting to impact on the local delivery of Children's services.
- 3.5.5. The Dedicated Schools Grant and in particular the Higher Needs Block which is forecast a £2.7m deficit in year, with a cumulative deficit of £11.7m.

3.5.6. The areas above are expected to remain a prominent feature of the 2022/23 budget monitoring, as well as new emerging issues around the cost-of-living crisis. It is expected this crisis will affect demand for services across the Council as households come under extreme financial pressure, which may be mitigated, in part by further central government support.

4. Emerging issues

Adults Social Care

- 4.1. The Council's Chief Executive has received a joint letter from the Chief Executive of Torbay & South Devon NHS FT and Chief Executive of NHS Devon dated 9th August 2022.
- 4.2. This letter outlines the financial position for the delivery of Adult Social Care and makes a request for £6m in-year funding to support meeting the financial pressures.
- 4.3. The Council is considering allocations of one-off monies which could be invested into intervention activity to reduce ongoing gap between the fixed price financial arrangement and the current reported total cost of delivering an integrated Adult Social Care service.
- 4.4. Any funding offer will come with increased scrutiny and oversight from the Councils Leadership team and statutory officers.
- 4.5. Progressing this work will be critical to the longevity of the relationship with the Integrated Care Organisation (ICO) and ensure the sustainable delivery of Adult Social Care.

Collection Fund

- 4.6. The establishment of the Collection Fund reserve formed part of the Budget 2022/23. This reserve will, for a second year, meet the future impact of carrying forward the shortfall from 2020/21. This reserve funds the 2020/21 impact of the shortfall for the period 2021/22 – 2023/24.
- 4.7. Performance in 2021/22 was in line with forecast collection levels, namely a 2% reduction on pre Covid-19 collection rates.
- 4.8. At this point 2022/23 collection is in line with forecast levels, however this could worsen as we move into Autumn/Winter given the pressures facing households across the UK.
- 4.9. During 2022/23 Households in Bands A-D will benefit from a £150 of support for energy bills administered as a rebate for Council Taxpayers. This totals £8.398m for Torbay. Final payments under this scheme must be made by 30th September 2022.
- 4.10. There is a further £0.376m to be distributed as part of a discretionary fund which will launch in September 2022, with final payments required to be made by 30th November 2022.

4.11. Revised NNDR bills incorporating the 2021/22 Covid-19 Additional Relief Fund (CARF) will be sent to eligible businesses. Given the Government prescribed restrictions on eligibility this fund can only support businesses which missed out on the Retail Hospitality & Leisure (RHL) focussed support during the Covid-19 pandemic. This scheme will provide 100% relief on the 2021/22 bills. The total fund is £1.895m.

5. Capital

5.1. The Council is seeing extreme cost inflation in respect of Capital projects. As a result of this pressure several schemes that are in progress, are facing rising costs. The viability of schemes supported by prudential borrowing are further impacted from the recent rises in borrowing rates.

5.2. As part of the 2022/23 budget a capital contingency of £4m was established, however based on latest scheme cost forecasts officers are seeking proposals as to how a total contingency of up to £12m would be allocated to support projects. This would have an ongoing annual revenue cost of £0.8m (£0.6m increase on 22/23 budget) which would need to be added to the 2023/24 budget.

6. Grant Support

6.1. During 2022/23 the Council has received grant funding for a number of schemes including:

6.1.1. Household Support Fund (HSF) which we are now administering “round 2” of the HSF, totalling £1.2m. This funding was ringfenced to be a minimum 33% to be spent on pension age households and a minimum of 33% to be spent on households with children.

6.1.2. A third round was announced to cover the period October 2022 to March 2023. The application of this third round is current being developed.
Link to guidance: <https://www.gov.uk/government/publications/household-support-fund-guidance-for-local-councils>

6.1.3. Homes of Ukraine. Funding for this scheme is based on the number of people supported. As part of the latest quarterly return (May 2022) there were 102 “newly arrived guests” resulting in a grant of £1m. Further financial support is paid to “hosts” totalling £350 per month.
Link to guidance: <https://www.gov.uk/guidance/homes-for-ukraine-guidance-for-councils>

7. Wholly owned companies

- 7.1. This section contains an overview of the financial position for the Council's wholly owned companies.
- 7.2. SWISCo. remains under financial pressure in terms of operational delivery due to rising costs of fuel, challenges to recruitment and retention. The latest pay award offer which is a fixed £1,925 per full time employee, has a disproportionate percentage impact on SWISCo given the average salary. As a result, the Council has been asked for an additional £0.6m of funding to meet the shortfall in the assumed pay award.
- 7.3. SWISCo is planning to launch a Garden Waste collection service in late 2022.
- 7.4. To the end of May 2022 TDA group draft consolidated year to date (YTD) surplus for was £0.03m.
- 7.5. Within the TDA Group, TorVista continues to operate with a higher level of deficit compared to their business plan. The accumulated deficit in the company to March 2022 was £0.8m with a further deficit of £0.35m forecast for the current year. Based on the current and forecast trading performance a request has been received to extend TorVista Home's working capital loan facility from £1.0m to £1.5m. The approval of this loan would be by full Council. The expectation is that a revised TorVista business plan will be prepared to present to the Council in December so as to permit a longer term view of the required support to be taken.
- 7.6. More detailed financial reporting about the Council's wholly owned Companies will be presented to Audit Committee on a regular basis and will form part of the final statement of accounts when presented to Audit Committee.

8. Statement of Accounts – 2020/21 and 2021/22

- 8.1. The Council's auditors, Grant Thornton, presented their Audit Findings for 2020/21 at the Audit Committee on 6th December 2021. Grant Thornton advised that by the Government's Statutory deadline of September only 30% of audits were signed off increasing to 40% in November 2021. This was partly due to lack of capacity in the market. At the time of writing this report the 2020/21 accounts remain unsigned by Grant Thornton.
- 8.2. In order to provide reassurance to members, all outstanding work from Council officers has been completed and therefore the audit is fundamentally complete.
- 8.3. There are two outstanding items which Grant Thornton are considering. The first relates to the Council's existing TDA pension "pass through" arrangement and the second is a national issue related to the reporting of infrastructure assets. This matter is currently subject to a national consultation. As a result, it's unlikely the accounts will be signed off until this consultation has concluded. The 2021/22 accounts will be issued in early September 2022 with the audit due to start afterwards.

8.4. The protracted statement of accounts process continues to put significant pressure on the finance team, for whom the majority of the last year have been working concurrently on 2020/21, 2021/22, 2022/23 financial years and now are also working on the 2023/24 financial year.

9. Service Budgets

9.1. The table below contains the forecast spend for the financial year 2022/23. The reporting hierarchy reflects the current Senior Leadership Team (SLT) Structure.

Service	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Mitigated Position	Change compared to Outturn Variance
Adult Services	46,551	46,644	93	93	-
Executive	3,576	3,967	391	324	(67)
Children's Services	45,722	47,213	1,491	1,591	100
Corporate Services	6,473	6,810	337	522	185
Finance	(8,367)	(8,365)	2	(1,441)	(1,443)
Investment Portfolio	(4,637)	(4,469)	168	0	(168)
Place	21,400	22,482	1,082	415	(667)
Public Health	10,100	10,100	-	(294)	(294)
	120,818	124,382	3,564	1,210	(2,354)

9.2. After mitigation the overall Council position shows an overspend of **£1.2m**. More information on the service variances is contained below.

Adult Services

9.3. The Director for Adults Services covers the three service areas shown below.

Service	Previous Year Actuals £'000	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000
Adult Services	44,218	46,551	46,644	93
Adult Social Care	41,264	43,723	43,723	0
Community Services	2,632	2,067	2,160	93
Customer Services	322	761	761	0

9.4. Overall Adults Services directorate shows a slight overspend.

9.5. Within Adult Social Care the majority of spend is against a fixed price financial arrangement (contract) for the delivery of services provided by the Integrated Care Organisation (ICO).

- 9.6. As mentioned earlier in the report the Council has received a request for additional financial support totalling £6m for 2022/23 and the Council is considering allocations of one-off monies which could be invested into intervention activity to address fundamentally the cost pressures.
- 9.7. The new agreement for the delivery of Adult Social Care was signed in March 2022 and will commence in April 2023. This agreement will see an uplift of £5m for 2023/24, with a further £1.1m the following year. A new arrangement will need to be negotiated for 2025/26 onwards.
- 9.8. Community Services has a shortfall on income. This represents the continued shortfall on income generating activity within the service which includes Licensing.
- 9.9. Temporary Accommodation is currently forecast to be on budget, after utilising service specific reserves to meet the extra demand the service is facing. As at the end of July 2022 there were 137 households living in Temporary Accommodation.
- 9.10. Work is underway to directly procure and lease property to increase the stability of accommodation options available to the Housing Options team. This stability will allow more work to be done to prevent homelessness and support households to find more permanent housing.
- 9.11. There remains considerable demand in the local housing market which is affecting this service significantly. The low availability of temporary options for individuals and family groups in need of temporary accommodation is resulting in significant cost increases. The “cost of living” crisis is likely to increase demand for this service.
- 9.12. Customer services continues to see increased demand as staff are involved in the administration of a number of key grant schemes in addition to all the usual support and advice provided by the service. Upon implementation of the Councils “CRM” system in future years more self-service options will be available for customers which will help to streamline straight-forward contact.

Corporate Services & Executive

Service	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Mitigated Position	Movement
Executive	3,576	3,967	391	324	(67)
Corporate Services	6,473	6,810	337	522	185

- 9.13. Within the Executive unit shows a mitigated overspend of £0.32m or 9.1% of the budget due to continued income shortfalls in traded services and overspends on salaries.

- 9.14. Within Corporate Services, the mitigated position has worsened and is reporting an overspend of £0.52m or 8.1% of the budget. This is caused by significant, continued pressures within Legal Services:
- 9.14.1. Challenges to recruit and retain suitably qualified staff result is forecast to result in £0.3m agency costs, which is partly offset by the vacant posts being covered.
- 9.14.2. Reduced fee-earning work provides a further cost pressure of £0.2m on income.
- 9.15. The Divisional Director for Corporate Services has been working on mitigation to this position over the last year.
- 9.16. During this financial year the new provider of the print & post service begins the first phase of their service delivery.

Children's Services

Service	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Mitigated Position	Movement
Children's Services	45,722	47,213	1,491	1,591	100
Schools Services	3,998	3,979	(19)	181	200
Children's Safeguarding	41,724	43,234	1,510	1,410	(100)

- 9.17. Overall Children's Services is experiencing significant financial pressure. In previous years this type of pressure was perceived as somewhat within the Local Authorities control. The recent improvements to the Ofsted rating to 'Good' and underspending for two years in a row demonstrates the Council has been influencing and improving outcomes through effective care planning coupled with equal parts scrutiny and support from the Council as a whole.
- 9.18. However, this year the pressures are largely due to extreme external forces outside of the control of Council officers. These factors are affecting the provision and accessibility of placements for children and young people due to significantly increased demand for placements. This is exacerbated by the demand arising from the increasing volume of cases allocated to Torbay through to the National and Regional allocation of Unaccompanied Asylum seeking children (UASC) as well as other International support schemes. A proportion of which are cared for by the Local Authority, but living elsewhere in the UK.
- 9.19. Within **Schools Services** Local Authority funded activities are reporting an overspend of £0.18m which represents 4.52% of the budget.
- 9.20. The overspend is contributed to through continued pressure with the provision of Home to School transport. This is because of rising fuel costs for transport providers as well as children and young people needing more bespoke arrangements to get to and from school.

- 9.21. Outside of Local Authority funded activities, the schools' higher needs block in the Dedicated Schools Grant (DSG) remains under financial pressure because of an increasing level of referrals from schools for higher needs support for children. The pace of demand is far outstripping increases in dedicated funding as has been the case for several years.
- 9.22. For 2022/23 the DSG is forecasting an overspend of **£2.7m**. As a result, the DSG cumulative deficit is forecast to be in excess of **£11.7m** by the end of the financial year.
- 9.23. The Council does not receive any funding for schools therefore the overspend will remain in the DSG to be funded from DSG in future years. The School and Early Year Finance (England) Regulations 2020 confirm that this is not a cost that the Council must fund. However, for how long this position is sustainable is not certain. At some point the deficit will need to be funded therefore it is essential that officers and members continue to focus on this key issue.
- 9.24. In 2020/21 and the following two financial years additional legislation has been passed that, for accounting purposes, reclassifies the deficit on the Council's balance sheet. There is currently uncertainty as to what will happen after the end of the three-year period.
- 9.25. The Council is part of the Education and Skills Funding Agency (ESFA) and Department for Education (DfE) Safety Valve programme. Discussions are at an early stage but agreement with other councils suggest that if the council can deliver a balanced higher needs budget within a defined time period, all or some of the historic deficit may be funded by ESFA. However, this is dependent on the council being able to deliver a recovery plan that results in a balanced budget.
- 9.26. Early pre-negotiation dialogue with ESFA representatives indicated they were impressed with the work carried out so far and the Council were in a good position going into the formal process in Autumn 2022.
- 9.27. Within **Children's Safeguarding** there is a forecast overspend of £1.41m (3.38%).
- 9.28. Driving this forecast are exceptionally high emergency placement costs at £25 – 30k per week. This serves as a reminder of the significance of the need for continued and rigorous whole Council support for this service given the financial impact if the number and cost of care rises.
- 9.29. The current picture is however now one of national level issues having a local impact. There are significant shortages of placements meaning both that existing placements are costing more and that children & young people are unable to step down from residential to family-based settings such as fostering placements.
- 9.30. The cost of living will be putting increased stress on households across the bay which may threaten the stability of current living arrangements and mean more families require supported intervention from the Council.

- 9.31. Such is the scale of the national challenge it is understood that other Councils are also reporting placing children as young as 3 years old in residential placements as a result of the inability to find suitable family-based alternatives.
- 9.32. Across the south west Councils are seeing increased numbers of Cared for Children, reliance on agency staff and number of children and young people placed out of area. This increased competition also drives the overall costs within the market higher.
- 9.33. All of this means that despite the continued oversight, challenge and support from colleagues, external factors are now significantly influencing spend.
- 9.34. The table below shows a snapshot of the key placement figures as at the end of June, compared to previous years. The highest point for the year (max) also shown.

Placement types	2018/19	2019/20	2020/21	2021/22	2022/23
Residential Placement	March: 34 Max: 34	March: 31 Max: 44	March: 20 Max: 28	March: 23 Max: 24	Jul: 21
Independent Fostering Agency (IFA) Placement	March: 95 Max: 95	March: 101 Max: 101	March: 80 Max: 101	March: 78 Max: 83	Jul: 87
Total Cared for Children	March: 361 Max: 361	March: 356 Max: 368	March: 321 Max: 374	March: 299 Max: 315	Jul: 302

- 9.35. As at July 2022/23 the above table includes 12 placements due to Torbay's allocation of Unaccompanied Asylum Seeking Children (UASC) which increases the figures in 2022/23. As the numbers of UASC supported increases there are wider resource impacts such as additional Social Workers, travel and accommodation costs for visits which puts further pressure on an already stretched staff and care provider market.
- 9.36. Overall the table demonstrates that overtime not only have the overall figures decreased steadily, the volatility within the placement type also appears to have stabilised.
- 9.37. Following successful recruitment and retention within the service, the total number of Agency staff employed has reduced from 49.3FTE in April 2021 to 25.0 FTE in July 2022. Again, the reduction seen has been steady over the last few financial years and helps provide stability within the workforce and therefore consistency when working with children and young people and their families.
- 9.38. As a result of the continued improvement total Agency costs are forecast to be £2.4m. This is compared with a total spend in 2021/22 of £4.9m. This demonstrates that Torbay Council has achieved significant improvements to influence spend where it can, but is now seeing significantly increased salary expectations within the agency market and stiff competition from other Councils that are offering higher hourly rates to stabilise their own workforce.
- 9.39. The continued stability within placements and continued success of the Learning Academy in recruiting and retaining staff remains integral to delivering a balanced budget in 2022/23 and beyond.

9.40. Finance

Service	Previous Year Actuals £'000	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Mitigated Position	Movement
Finance	(10,668)	(8,367)	(8,365)	2	(1,441)	(1,443)

- 9.41. As part of setting the 2022/23 budget a few centrally held contingencies linked to inflation risks were held under finance and will be released to contribute toward the known cost pressures.
- 9.42. £1.15m has been released to partially offset rising utility costs and for an up to 3% pay award. The latest National offer on pay has an average impact to the Council of 5% meaning there is a shortfall over and above current funding of £0.7m.
- 9.43. The pay award offer of a “flat cash” £1,925 for all staff has a higher percentage impact on lower graded staff, whereby this value represents a much higher percentage of their salary. This is a large contributor to the SWISCo request for finances given the mix of salaries.
- 9.44. A further £0.7m saving has been declared which is primarily caused by the impact of increased interest rates. This means the Council earns higher rates of interest on its current cash balances. Given the current low levels of spend on Capital projects, there is also a saving on interest payable by the Council as lower levels of spend activity means lower amounts borrowed, therefore reduced interest paid by the Council.
- 9.45. There is a further £0.2m gainshare declared from the gainshare arrangements from the Devon-wide Business Rates Pool £0.2m

9.46. Investment Portfolio

Service	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Mitigated Position	Change compared to Outturn Variance
Investment Portfolio	(4,637)	(4,469)	168	0	(168)

- 9.47. The Council’s Investment Portfolio’s mitigated position is balanced after the use of the investment property reserve to cover lost rent and holding costs of the empty unit at Wren Park.
- 9.48. This means the Council’s investment portfolio will contribute £4.4m towards Council activity.
- 9.49. Any tenants with arrears are all actively engaging with colleagues in TDA and repayment plans arising from the covid lockdowns continue to be adhered to.

9.50. Place

Service	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Mitigated Position	Movement
Place	21,400	22,482	1,082	415	(667)
Place Operations	12,996	14,033	1,038	366	(672)
Place Commissioned	3,261	3,988	727	732	5
Planning, Housing and Climate Emergency	5,143	4,460	(683)	(683)	0

- 9.51. Within the Place directorate there is a mitigated overspend of **£0.8m** which represents 1.94% of the budget.
- 9.52. **Place Operations** has a cost pressure of **£0.37m**.
- 9.53. Highways, which is the service responsible for Torbay's street lighting is forecast to overspend by £0.34m. This figure is based on the latest utility price forecasts provided by our supplier. This is offset in part by the release of contingencies held under the Finance directorate. As there is no 'cap' on non-domestic tariffs the Council is exposed to significant market fluctuations.
- 9.54. Waste & Recycling is forecasting an overspend of £0.6m because of SWISCo's request for additional financial support.
- 9.55. Within Torre Abbey income, there is a £0.05m shortfall because of reduced visitor numbers. This reflects the continued hesitancy to return to indoor visitor attractions even as the Covid restrictions have changed and possibly further contributed to by the re-opening of international holiday destinations.
- 9.56. Currently Parking Services is forecast to break even. Whilst summer income has been higher than last year, there remains significant uncertainty as to how the cost-of-living crisis will impact on residents and visitor behaviour over the coming months.
- 9.57. The pressures within Place Operations are partially offset by the following mitigation:
- 9.57.1. Review and delay or cessation of Highways projects equating to £0.25m
- 9.57.2. Review and delay or cessation of "one-off" funded projects equating to £0.42m
- 9.58. These decisions are unfortunate, but necessary to prevent cessation of core service delivery elsewhere in the Council.

Place Commissioned

- 9.59. As part of the Place Commissioned service there are several operational assets managed by TDA which the Council pays the utility bills for. The increased utility costs within this service are forecast to result in an overspend of £0.34m.
- 9.60. There are increased security and health & safety related works carried out at Oldway which are forecast to cost £0.1m.
- 9.61. There are also continued pressures because of delays to the implementation of the solar farms costing £0.1m which were expected to generate a surplus for the Council.
- 9.62. **Planning, Housing and Climate Emergency**
- 9.63. Within Strategy & Project Management a forecast underspend of £0.5m is because of reduced costs for Concessionary Fares. The reduced costs are in part contributed to by fewer journeys being taken by concessionary fare passengers after the pandemic.
- 9.64. **Public Health**

Service	Current Budget £'000	Projected Outturn £'000	Outturn Variance £'000	Mitigated Position	Movement
Public Health	10,100	10,100	-	(294)	(294)

- 9.65. Public Health colleagues continue to lead on the Council's response to Covid-19 and co-ordinate and deliver a number of key and continuing strands of the response and recovery work.
- 9.66. As part of identifying mitigation for the Council's overall position, a contribution of £0.15m will be made towards supporting the provision of high-quality housing in order to improve public health outcomes.
- 9.67. There is a further £0.15m of funding contributed towards funding Drug & Alcohol Rehabilitation work.

10. Capital Plan Overview

- 10.1 The impact on inflation on the council's revenue budget is concerning, however the impact of cost increases, supply chain issues and limited contractor options are having a major impact on the council's capital plan.
- 10.2 The Council's budget for 22/23 recognised the rising risk of inflation and in the budget established a capital contingency of £4m. Since then, the economic position has significantly worsened, in part from the impact of war in Ukraine, resulting in inflation rates and projected higher inflation rates not experienced for 40 years. The council is experiencing up to 100% increases between its original forecast costs and the latest contractor quotes. As the contractors themselves are also subject to rapid changes in prices for materials and their sub-contractor costs, more quotes are now caveated which then result in more cost increases happening within a short period.
- 10.3 In addition, the economic position has resulted in higher bank base rate and increases in gilt yields which has pushed up the PWLB rates of borrowing to 4.5%.
- 10.4 The combination of increased costs of borrowing and significantly increased construction costs will result in the business cases for several council projects now being potentially financially unviable. Any council project that has not started could now inevitably be at risk.
- 10.5 The capital contingency of £4m now needs to be £12m to enable the council to continue several projects where the council is committed to continue. These include Edginswell enabling works, the retail unit at Edginswell and Harbour View hotel. In addition, the council will continue with the project at Lymington Road coach station to mitigate abortive costs, loss of grant and the loss of the economic and public realm benefit that scheme will provide.
- 10.6 As the cost pressure is impacting on most projects in the capital plan the risks will be mitigated in several ways.
- a) The officer Capital and Growth Board has taken the lead in prioritising projects prior to discussion with the Partnership and Directors.
 - b) Where a scheme or a range of schemes such as those in Town Deal and Future High Street, these will need to be revised to enable the schemes to be financially viable with the level of grant funding.
 - c) Where a scheme or a range of schemes such as those funded from the Highways and Schools grant funding, these will need to be revised to enable the schemes to remain within the level of grant funding.
 - d) The capital contingency to be increased to £12m (with an ongoing revenue impact of the borrowing) to enable some schemes where the council has a commitment to continue or a significant loss of grant and/or benefits.
 - e) Funding bodies will be approached where possible to increase the level of grant funding awarded to individual projects to enable them to continue.
 - f) Some projects will inevitably be paused until the project can become financially viable again.
- 10.7 This uncertainty has reduced the pace of progress and therefore the level of spend on the capital plan. To the end of August £5m has been spent on the Plan and this rate of

spend is likely to continue for the rest of this financial year with significant amount of spend on major projects unlikely to be incurred in 2022/23.

- 10.8 The capital appendix shows the capital budget approved by council in March 2022 then increased by the slippage brought forward from 2021/22 (as per 2021/22 outturn report to Council in July) with spend and commitments to date. The Chief Finance Officer has then moved to 2023/24 the budgets for several schemes that could be impacted by cost and therefore funding pressures. This reduces the forecast capital spend in 2022/23 to £52m. The profile and viability of all schemes will be reviewed in more detail for the quarter two budget monitoring which will inevitably result in more revisions of projected spend to future years. The quarter two report will also include any new capital grants and any cabinet and council decisions on capital expenditure since April 2022.

11 Capital Plan Summary Position

- 11.1 The Capital Plan budgets to spend a total of £256m on capital projects over the 4 year programme, with £52m currently scheduled to be spent in 2022/23, including £27m on various Regeneration projects and £8m on various Education projects. The Capital Plan is funded from capital receipts, capital grants and contributions, reserves and revenue budget contributions, and long-term borrowing to ensure a balanced budget over the life of the Plan.
- 11.2 The spend and funding profile for the Capital Plan is included in Appendix 1.
- 11.3 Of the £7.6m capital receipts budgeted for in the Capital Plan, £1.2m has been received by the end of July 2022 albeit nothing significant received in the 2022/23 financial year. This leaves a balance of £6.4m still to be realised from both capital receipts and capital contributions. It is only after this £6.4m has been achieved that any capital receipts can be applied to new schemes, this will ensure the Capital Plan remains fully funded.
- 11.4 The movements in the estimate of expenditure in 2022/23 on the Capital Plan of £111.5m and the current approved budget for 2022/23 of £52.1m are shown below.
- 11.5 Please note the format of this table shows schemes ordered by Council's Targeted Actions, as is Appendix 2.

12 Updates to Capital Plan

Scheme	Variation in 2022/23	Change £m	Reason
2022/23 profiled spend as at Q3 2021/22		111.5	Capital Plan Update – 2021/22 Quarter 3 (Cabinet 22nd Mar 2022)
Scheme budgets brought forward from 2021/22	Re profiled to 2022/23	17.0	For details see 2021/22 Capital Outturn report (Cabinet 12th July 2022)
	Total	128.5	
Thriving People and Communities			
Extra Care Housing (Torre Marine)	Rephased budget	(2.7)	Budget moved to 23/24
Tor Vista Homes re Preston Down Road	Rephased budget	(7.7)	Budget moved to 23/24
	Total	(10.4)	
Thriving Economy			
Edginswell Business Park Site 3	Rephased budget	(2.2)	Budget moved to 23/24
Edginswell Station	Rephased budget	(4.5)	Budget moved to 23/24
TEDC Capital Loans	Rephased budget	(0.6)	Budget moved to 23/24
Torquay Town Deal - Union Square Ph.1	Rephased budget	(3.2)	Budget moved to 23/24
Torquay Town Deal - Union Square Ph.2	Rephased budget	(0.7)	Budget moved to 23/24
Paignton Future High Streets Fund - Flood Defence	Rephased budget	(0.6)	Budget moved to 23/24
Paignton Future High Streets Fund - Victoria Centre Ph.2	Rephased budget	(3.8)	Budget moved to 23/24
Corbyn Head - development of former WC's	Rephased budget	(1.2)	Budget moved to 23/24
Preston (North) - development of former WC's	Rephased budget	(0.7)	Budget moved to 23/24
	Total	(17.5)	

Tackling Climate Change			
Solar Farm, Brokenbury	Rephased budget	(1.6)	Budget moved to 23/24
Solar Farm, Nightingale Park	Rephased budget	(2.9)	Budget moved to 23/24
	Total	(4.5)	
Council Fit for the Future			
	Total	0	
Council Approvals with No Plans			
Torre Abbey Renovation - Phase 3	Rephased budget	(1.7)	Budget moved to 23/24
Regeneration Programme and Economic Growth Fund	Rephased budget	(40.4)	Budget moved to 23/24
Housing Rental Company - Loan	Rephased budget	(1.9)	Budget moved to 23/24
	Total	(44.0)	
Estimate – Quarter 1 2022/23		52.1	

12.1 In addition to the above changes, new scheme budgets are detailed below and will be added in quarter 2.

Thriving Economy

- 12.2 Car Park Investment – total budget of £1m agreed as part of Capital Plan 2022-23 budget setting process. £0.5m profiled in 22/23. To be funded from borrowing.
- 12.3 Torre Abbey Gatehouse/SW Wing – new grant funding of £468,993 has been awarded from Museum Estate Development Fund (MEND) to help fund the restoration works of the Gatehouse and South West Wing of Torre Abbey. The project has a total budget of £964,157, with matchfunding of £471,715 from Torbay Council (part of previously agreed borrowing of £1.7m) and £23,449 contribution from Friends of Torre Abbey.
- 12.4 Torre Abbey SE Wing/Courtyard/Tower - new grant funding of £363,748 has been awarded from National Heritage Memorial Fund (NHMF) to help fund the restoration works of the South East range of Torre Abbey. The project has a total budget of £404,165, with match funding of £20,209 from Torbay Council (part of previously agreed borrowing of £1.7m) and £20,208 contribution from Friends of Torre Abbey.
- 12.5 Torquay Flood Alleviation (River Fleet) – new grant funding of £50,000 from Environment Agency towards cost of study.
- 12.6 Paignton Flood Alleviation – new grant funding of £60,000 from Environment Agency towards cost of study.
- 12.7 Brixham Flood Alleviation – new grant funding of £45,000 from Environment Agency towards cost of study.

- 12.8 Haldon and Princess Piers – new grant funding of £95,000 from Environment Agency towards cost of study.
- 12.9 Paignton Picture House - new grant funding of £2,322,670 has been awarded by Department for Digital, Culture, Media and Sport (DCMS) towards the restoration and development of Paignton Picture House.
- 12.10 Changing Places Toilets – new grant funding of £180,000 has been awarded by Department of Levelling Up, Housing and Communities (Changing Places Fund) for the implementation of Changing Places Toilet facilities.
- 12.11 12-14 The Strand (former Debenhams site) - £9,600,000 has been allocated from the Economic Growth Fund for the regeneration of the site.
- 12.12 TCCT Seashore Centre (Drake House) – £110,000 borrowing in respect of lease surrender, Seashore Centre (Drake House), Goodrington.

Climate fit for the Future

- 12.13 Climate Change Initiatives – total budget of £1m agreed as part of Capital Plan 2022-23 budget setting process. £0.25m profiled in 22/23. To be funded from borrowing.

A Council Fit for the Future

- 12.14 Capital Contingency - total budget of £4m agreed as part of Capital Plan 2022-23 budget setting process. £1m profiled in 22/23. To be funded from borrowing.

13 Receipts & Funding

- 13.1 The funding identified for the latest Capital Plan budget is shown in Appendix 1. This is based on the latest prediction of capital resources available to fund the budgeted expenditure over the next 4 years. A summary of the funding of the Capital Plan is shown in the Table below:

Funding	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Totals @ Q1 22/23 (£m)
Unsupported Borrowing	18	141	19	0	178
Grants	30	38	1	0	69
Contributions	1	0	0	0	1
Revenue	0	0	0	0	0
Reserves	1	0	0	0	1
Capital Receipts	2	1	4	0	7
Total	52	180	24	0	256

14 Capital Receipts

- 14.1 The approved Plan relies on the generation of a total of £7.6m capital receipts from asset sales by the end of 2025/26. At 1 April 2022 the Council held a balance of £1.2m with nothing significant added by the end of July 2022, leaving a target of £6.4m still to be achieved.

15 Capital Grants

- 15.1 New capital grant allocations have been announced and will be added in quarter 2.
- 15.2 Ministry of Housing Communities and Local Government – Disabled Facilities grants 2022/23 of £2,128,689. This grant allocation is used to support our DFG expenditure but also includes the former Adult Social Care capital grant. £1m will be allocated to DFGs with the balance to Adult Social Care.
- 15.3 Department for Education – School Condition Allocation 2022/23 - £376,564. Provided to authorities for major repairs and maintenance of school estates.
- 15.4 Department for Education– Devolved Formula Capital Grant 2022/23 - £84,115. This is a ring-fenced grant and will be paid to appropriate schools as required.
- 15.5 Department for Education – Basic Need allocation 2022/23 – revised from £1,829,365 as previously reported, to £1,952,924.
- 15.6 Department for Education - High Needs Provision Capital 2022/23 £1,269,329 and 2022/23 £1,401,225. Provided to support the creation of new High Needs places or the improvement of existing provision.
- 15.7 Department for Transport – Highways Structural Maintenance Grant £809,000 together with Potholes Action Fund £809,000. Both allocations for 2022/23. Indicative allocations for 23/24 and 24/25 also at £809,000 for both Structural Maintenance and Potholes.
- 15.8 Department for Transport – Incentive Element 2022/23 - £202,000. This is an indicative amount and the maximum amount but is subject to DfT review and adjudication before being confirmed. This element of grant is paid to authorities following effective asset management and adopting efficiency and best practice principles for local highway maintenance. Indicative allocations for 23/24 and 24/25 also at £202,000.
- 15.9 Department for Transport – Integrated Transport Block 2022/23 - £1,071,000. Indicative allocations for 23/24 and 24/25 also at £1,071,000.

16 Capital Contributions – S106 & Community Infrastructure Levy

- 16.1 The Council's Capital Strategy states that capital contributions are applied to support schemes already approved as part of Capital Plan and are not allocated to new schemes unless the agreement with the developer is specific to a particular scheme outside the Capital plan. No Section 106 capital contributions have been received in 2022/23 to date. The Council's Community Infrastructure Levy (CIL) scheme came into effect from 1 June 2017. The main capital project identified for funding from CIL receipts is the South Devon Highway.

16. Risks & Sensitivity

16.1. There are a number of financial risks facing the Council as shown below:

Risk	Impact	Mitigation
Adult Social Care funding request	High	The Director of Adult Social Care is developing a range of interventions.
Future funding of DSG Deficit	High	Recovery meetings have been convened by the Chief Finance Officer to review any and all opportunities to locally influence this area of spend. The Council is also engaged in the Department for Education's Safety Valve program.
CPI at a 40 year high at 9% is having a major impact on both revenue and capital costs. The exact impact is still uncertain, e.g. pay award for 22/23 not yet agreed. Some council capital projects will no longer be affordable.	High	Inflation contingencies in both the 22/23 revenue and capital budgets. However, these may be inadequate. 23/24 budget "build" includes a higher than usual allowance for inflationary pressures.
Rise in borrowing rates	High	The council current portfolio is at fixed rates so the recent rises do not impact, however all new borrowing is likely to be higher than forecast in the original scheme business cases.
The "cost of living" economic impact on the Council's residents from higher fuel and utility costs is likely to impact on both demand for council services and may result in reduced income from council tax.	High	The Council has established a cross council "cost of living" group to mitigate where possible the impact on council services and support/sign post residents to support. The council will continue to administer payments under both the Household Support Fund and Council tax Rebates.
Continued loss of income	High	Recovery meetings have been convened by the Chief Finance Officer for all the Council's main areas of income. Each group is tasked with developing an action plan to influence income where possible
Collection Fund shortfall	High	Additional resources allocated to support the Revenues & Benefits team and a review of debt recovery will be undertaken.

Fair Funding Formula	Medium	Development of a robust MTRP to address the expected impact on Torbay's funding. Timing of this funding change is now expected to be 2025/26 at the earliest.
Identification, and delivery, of savings as per Medium Term Resource Plan	High	Work on the Budget for 2023/24 started in May 2022 with service plan reviews taking place in June 2022 with Star Chambers in July 2023. Options will be reviewed by Senior Leadership Team in collaboration with Cabinet to consider options for future years.
Delivery of Children's Services cost reduction plan	Medium	Meetings continue to monitor the current rate of delivery against the identified actions from the Sufficiency Strategy.
Unable to recruit staff and need to use agency staff.	High	Recruitment & retention of Social Work staff, particularly in safeguarding is still one of the core priorities for the Senior management team within Children's Services. This pressure is also being seen across a number of front-line services which are integral to the Council's "Summer Response Team" Work continues to identify solutions to these challenges which seem to be on a national scale.
Additional demand and cost pressures for services, particularly in children's social care	Low	2022/23 Budget monitoring, use of service performance data and recovery plan.
Delivery of approved savings for 2022/23	Low	Further to regular budget monitoring for all budget holders, the Council's Senior Leadership Team receive monthly updates on the 2022/23 position.
Investment Property Income changes	High	The investment board will continue to review future leases and manage any potential break clause implications.

17 Appendices:

17.1 Appendix 1 - Capital Plan summary – Quarter 1 2022/23

Meeting: Cabinet

Date: 27 September 2022

Wards Affected: All Wards

Report Title: Budget Monitoring 2022/23 supplement

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Lead Contact Details: Darren Cowell, Cabinet Member for Finance
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1. Purpose and Introduction

- 1.1. This supplement provides an overview of the need for the increased Capital contingency budget and the increased working capital facility for TorVista.

2. Recommendation for Council

- 2.1. Council approve the increase of the capital contingency budget to a total of £12m, with the allocation of the same to be delegated to the Chief Finance Officer, in consultation with the Leader of the Council and Cabinet Lead for Finance. In increasing the capital contingency budget Council recognise that the increased costs of schemes may mean that the revised total scheme costs would be outside of the thresholds set for the Economic Growth Fund at the time of approval.
- 2.2. Council approve that the TorVista Homes working capital facility be increased from £1.0m to £1.5m.

3. Capital Contingency

- 3.1. In March 2022 as part of setting the 2022/23 budget a £4m capital contingency was added to the budget as it was recognised that throughout the country the cost of capital programmes was increasing.
- 3.2. This contingency totalled £4m with expected use in 2022/23 being £1m.
- 3.3. As per the approved budget report:
“Capital allocation to support approved capital projects to ensure their viability that are subject to higher costs either from supply chain issues or cost inflation. Allocation of contingency to be by Chief Finance Officer in consultation with Leader of the Council and Cabinet Lead for Finance and reported to Cabinet.”

- 3.4. As this contingency was to be funded through increased prudential borrowing the revenue impact of this borrowing for 2022/23 was £0.2m, and this was factored into the 2022/23 budget.
- 3.5. When the £4m contingency was proposed (January 2022), Consumer Price Inflation (CPI) was at 5.5%. However since that time inflation has continued to rise with the latest CPI, August, at 9.9%.
- 3.6. This inflation combined with supply chain instability and labour shortages has meant that current capital projects are seeing significant increases to contractor quotes at each project milestone.
- 3.7. A review of the live schemes has been undertaken, and the following schemes have been prioritised by Cabinet, as schemes that are partly constructed, are in receipt of external grant funding or where the Council is legally obliged to complete the same, with the following schemes consequently prioritised;
 - 3.7.1. **Harbour View**, anticipated requirement £6.1m. The current status of this project is midway through construction and the Council are evaluating cost plans from the new contractors to complete construction.
 - 3.7.2. **Lymington Road**, anticipated requirement £2.1m. The current status of this project is that the site has now been demolished. Enabling works to the sewage system are expected to be carried out by South West Water starting in November 2022. Once this work has been completed, the main scheme construction will start and is expected to take approximately 8 months.
 - 3.7.3. **Edginswell enabling works**, anticipated requirement £2m. This current status of this project is that the contractor is mobilising on site. Work is expected to take 6 months working towards a completion date of Spring 2023.
 - 3.7.4. **Edginswell retail unit**, anticipated requirement £1m. This project will be able to start once the Wickes element of the Edginswell enabling works has been completed.
- 3.8. The totality of the projected requirements therefore totals £11.2m, and to allow for an element of contingency across the current figures, a £12m capital contingency budget is recommended.
- 3.9. Currently the only schemes approved as part of the previously approved £4m contingency are Lymington Road and Edginswell enabling works.
- 3.10. Each allocation from the contingency budget will require a revised business case that contains;
 - 3.10.1. Progress against project milestones and spend to date
 - 3.10.2. Re-stating the revised costings for scheme completion
 - 3.10.3. Where applicable, re-stating the revised income projections for the scheme
 - 3.10.4. Presenting a revised net position for the Council on the scheme i.e. new level of surplus and percentage (%) return
 - 3.10.5. A revised break even point for the scheme given the increased costs i.e. an additional xx years.
 - 3.10.6. Abortive costs, including any proceeds from sale of the site, that would be incurred if the scheme were to be terminated.

- 3.11. Based on this restated business case the allocation of the total £12m contingency is recommended to be delegated to the Chief Finance Officer in consultation with the Leader of the Council and Cabinet Lead for Finance and will then be reported to Cabinet.
- 3.12. In making a decision the Chief Finance Officer's analysis and conclusion must consider which option delivers the best value for money in the deployment of public money.
- 3.13. Once approved, revised total estimated scheme costs will also be included in the quarterly budget monitoring reports presented to Overview & Scrutiny Board.

4. Increase to TorVista Homes working capital facility

- 4.1. At the inception of TorVista Homes (TVH) the business case set out a 'peak debt' of £1m, and as a consequence in order to ensure that they were a going concern TVH sought a working capital facility (WCF) from Torbay Council of £1m.
- 4.2. Of the current WCF of £1m. £0.6m was drawn down in 2021/22, with the final £0.4m recently drawn down. This facility has been used for operating expenses and includes legal and other costs of registration as a Regulated Provider (RP), the Business modelling costs (software, consulting, TDA time) which was part of the submission to the Regulator, and TDA management costs.
- 4.3. The need for a higher WCF is driven by rising costs but also lower income due to the delays in getting registration and other planning and contractor issues, which has meant that the sites have not progressed in line with the originally envisaged time frame.
- 4.4. A number of cost elements have also been higher than originally estimated. In particular, the amount of time to get registration, and the complexity and quantity of questions that were asked by the Regulator. This has led to much higher Governance costs than anticipated, with a large number of policies and processes that needed to be created from the outset, rather than once the company was fully underway as originally anticipated.
- 4.5. The business plan is currently being reworked in order to reflect the priorities of the Council – it now includes an off-the-shelf programme for temporary accommodation and extra care sites as well as being continually updated in respect of the "moving targets" of cost inflation, RPI/CPI, interest rates and caps on rent increases.
- 4.6. It is anticipated that the reworked Business Plan will be in a position to be signed off in December, which will also set out the totality of the WCF required for all of TVH operations, as well as clarity as to the capital requirement to fund the new builds and stock acquisitions
- 4.7. In the event the increase to the WCF of £500k is not approved, the Board will be obliged to state that they cannot guarantee the Going Concern status of the company, thus violating the financial viability standards of the Regulator and Homes England. This would likely lead to an intervention by the Regulator, whose sole interest is ensuring that services to existing tenants will continue to be provided.

4.8. This would also affect the progress of current or future schemes. Totnes Road, which is under construction would continue as this has funding, but work to bring other sites to the point of contract to construct would have to cease. This includes St Kildas and Torre Marine which are at an advanced stage, with considerable pre-development costs already expended. TVH would also be unable to enter into a contract to purchase the homes at Crossways from the Council once complete, and their ongoing work on the temporary accommodation programme would have to stop.

CAPITAL PLAN - QUARTER 1 2022/23 - EXPENDITURE

Appendix 1

	Latest Est Scheme Cost	Expend in Prev Years (active schemes only)	Original 2022/23 (@ Q3 21/22)	2021/22 Adjs and Slippage b/f	2022/23 Qtr 1 Adjustments	New Schemes 2022/23	Revised 4-year Plan					
							Total 2022/23 Revised	2023/24	2024/25	2025/26	Total for Plan Period	
PB = Approved Prudential Borrowing schem	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Thriving People and Communities												
Barton Academy - Nursery provision	528	528		0			0					0
Brunel Academy Ph 2 Vocational Classrooms	1,134	942		192			192					192
Capital Repairs & Maintenance 2019/20	273	267		6			6					6
Capital Repairs & Maintenance 2020/21 & 2021/22	1,010	446	400	164			564					564
Schools capital from revenue							0					0
Devolved Formula Capital				162			162					162
Education Review Projects			3,329	270			3,599					3,599
High Needs Capital Provision	530	27		503			503					503
Mayfield Expansion	1,575	605	500	470			970					970
Medical Tuition Service - relocation	601	569		32			32					32
New Paignton Primary school sites (St Michaels & W	1,208	623		585			585					585
Pgn CS Academy Expansion	1,925	1735		190			190					190
Roselands Primary - additional classroom	600	489	80	31			111					111
Sixth Day Provision	251	145		106			106					106
Special Provision Fund (SEND)	599	550		49			49					49
St Cuthbert Mayne Expansion	3,795	3148	500	147			647					647
Torbay School Relocation (Expansion Burton Acad H	1,262	1262		0			0					0
Polsham Centre Development	250	1	200	49			249					249
Foster Homes Adaptations	300	5	100	95			195	100				295
IT replacement - Childrens Case Management Syste	999	898		101			101					101
Adult Social Care	520			520			520					520
PB Crossways, Paignton - Regen and Extra Care Hsg	25,378	478	7,500	2,233			9,733	10,000	5,167			24,900
Extra Care Housing (Torre Marine)	4,115		2,800	(100)	-2700		0	2,700				2,700
Brixham Town Centre Car Park - Housing	675	0		675			675					675
Disabled Facilities Grants	995		980	15			995					995
Affordable Housing	657	1		656			656					656
Housing Rental Company - Aff Hsg Developments	2,277	2277		0			0					0
PB Tor Vista Homes re Preston Down Road	23,000	0	7,500	175	-7675		0	15,175	7,825			23,000
PB Next Steps Accommodation Programme	0	0		0			0					0
	74,457	16,411	23,889	7,326	(10,375)	0	20,840	27,975	12,992	0		61,807



Thriving Economy										
PB	Claylands Redevelopment	11,150	10697	350	103		453			453
	DfT Better Bus Areas	1,225	1225		0		0			0
PB	Edginswell Business Park	2,983	2983	0	0		0			0
PB	Edginswell Business Park Site 3	6,500	23	2,000	177	-2177	0	6,477		6,477
PB	Edginswell Business Park Unit 1	5,930	203	4,000	108		4,108	1,619		5,727
	Edginswell Station	13,017	551	4,000	467	-4467	0	12,466		12,466
PB	Innovation Centre Ph 3 (EPIC)	7,657	7657		0		0			0
PB	South Devon Highway - Council contribution	20,228	20058		170		170			170
PB	TEDC Capital Loans/Grant	4,040	3465		575	-575	0	575		575
	Transport Highways Structural Maintenance	(530)		150	(680)		(530)			(530)
	Transport Integrated Transport Schemes	(32)		0	(32)		(32)	0		(32)
	Transport - Torquay Gateway Road Improvements	2,969	3405	80	(516)		(436)			(436)
	Transport - Western Corridor	12,292	11668	257	142		399	225		624
					0		0			0
	Babbacombe Beach Road	529	439		90		90			90
	Brixham Harbour - CCTV upgrade	86	79		7		7			7
	Brixham Harbour - Infrastructure Repairs	214	164		50		50			50
PB	CCTV equipment	518	518		0		0			0
	Torre Valley North Enhancements	36	36		0		0			0
	Clennon Valley Sport Improvements	69	32		37		37			37
	Flood Alleviation - Cockington	328	198	50	80		130			130
	Flood Alleviation - Monksbridge	412	61	346	5		351			351
	Paignton Coastal Defence Scheme	3,142	215	1,705	(5)		1,700	1,227		2,927
PB	Paignton Harbour Light Redevelopment	799	744		55		55			55
	Princess Pier - Structural repair (with Env Agency)	3,892	3045	796	51		847			847
PB	Torquay Town Dock - Infrastructure Improvements	1,201	264		937		937			937
PB	Public Toilets Modernisation Programme	1,883	1883		0		0			0
	Recreation Ground Drainage Network	33	33		0		0			0
PB	RICC Improvements - Backlog Repairs	1,250	401	493	356		849	0		849
PB	RICC Improvements - Landlord Repairs (Parkwood)	1,449	1449		0		0			0
PB	Torbay Leisure Centre (Parkwood Loan)	1,700	1700		0		0			0
	Pgn Velopark Cyclocross & Pump Tracks	60	3		57		57			57
	Torre Valley Sports Pavilion	57	28		29		29			29
PB	Regeneration Programme-Harbour View Hotel Devel	14,016	7679	765	5,572		6,337			6,337
PB	Nanusens Limited Loan (Econ Growth Fund)	150	150		0		0			0
PB	Old Toll House (Econ Growth Fund)	1,200	186	350	0		350	664		1,014
PB	TCCT Ocombe Farm Development (EGF)	1,285	1285		0		0			0
	Torquay Towns Fund - Accelerated Funds	767	767		0		0			0
					0		0			0
	Torquay Towns Fund (General)	157	87	52	(34)		18	52		70
	Torquay Town Deal - Union Square Ph.1	5,050	0	3,100	100	-3200	0	5,050		5,050

Tackling Climate Change												
PB	Council Fleet Vehicles	4,771	4573		198			198			198	
PB	Solar Farm, Brokenbury (EGF)	1,763	143	1,605	15	-1620	0	1,620			1,620	
PB	Solar Farm, Nightingale Park (EGF)	3,048	133	2,920	(5)	-2915	0	2,915			2,915	
	Torbay Leisure Centre - Decarbonisation Scheme	1,850	1774		76		76				76	
		11,432	6,623	4,525	284	(4,535)	0	274	4,535	0	0	4,809
A Council fit for the future												
PB	Corporate IT Developments	1,896	1896		0		0				0	
	IT Equipment - TOR2	150	103		47		47				47	
PB	Essential Capital repair works	876	201		675		675				675	
	Enhancement of Development sites	329	137	65	2		67	65	60		192	
	Capital Expedniture from Revenue	3,510	3510		0		0				0	
	General Capital Contingency	632	0		632		632				632	
		7,393	5,847	65	1,356	0	0	1,421	65	60	0	1,546
Council Borrowing Approvals awaiting proposals												
PB	Torre Abbey Renovation - Phase 3 (TC contrib)	1,700	0	1,700	0	-1700	0	1,700			1,700	
PB	Regeneration Programme and Economic Growth Fur	90,391	0	40,391	0	-40391	(1)	90,391			90,391	
PB	Housing Rental Company - Loan	24,815	2267	2,500	(616)	-1884	0	11,884	10,664		22,548	
		116,906	2,267	44,591	(616)	(43,975)	0	(1)	103,975	10,664	0	114,639
	TOTALS	368,454	116,239	111,539	17,038	(76,455)	0	52,123	180,138	23,716	0	255,976
CAPITAL PLAN - QUARTER 1 2022/23 - FUNDING												
	Unsupported Borrowing			71,380	8,362	-60904.5		18,838	141,433	18,489		178,759
	Grants			37,254	7,293	-14750		29,797	37,475	745		68,017
	Contributions			705	60			765	221			986
	Revenue			119	(359)			(240)	100			(140)
	Reserves			206	568			774	22			796
	Capital Receipts			1,876	1,114	-800		2,190	887	4,482		7,559
	Total			111,539	17,038	(76,455)	0	52,123	180,138	23,716	0	255,976

Agenda Item 11, Budget Monitoring 2022/23 – April to July 2022 Revenue Outturn Forecast and April to June 2022 Capital Outturn Forecast

Officer Revised Recommendation

Council Meeting

13 October 2022

(Revisions shown in bold text)

Revised Officer Recommendation:

That Council be recommended that:

- ~~1. The increase of the capital contingency budget to a total of £12m, with the allocation of the same to be delegated to the Chief Finance Officer in consultation with the Leader of the Council and Cabinet Member for Finance be approved. In increasing the capital contingency budget Council recognise that the increased costs of schemes may mean that the revised total scheme costs would be outside of the thresholds set for the Economic Growth Fund at the time of approval; and~~ **The capital contingency budget be increased by £1.3m to a total of £5.4m to be funded from prudential borrowing, with the allocation of the same to be delegated to the Chief Finance Officer in consultation with the Cabinet Capital Contingency Fund Working Party be approved. In increasing the capital contingency budget Council recognise that the increased costs of schemes may mean that the revised total scheme costs would be outside of the thresholds set for the Economic Growth Fund at the time of approval;**
- 2. An additional £6.6m, to be funded from prudential borrowing, be allocated to the Harbour View project;**
- 3. the additional ongoing annual cost (approx. £0.5m) for the additional £8m borrowing in recommendation 1 and 2 above be included in future year budgets; and**
- 4. The TorVista Homes working capital facility be increased from £1.0m to £1.5m with the rate of interest on the loan to be determined by the Chief Finance Officer linked to prevailing council investment returns on the date of drawdown.**

Supplementary Information/Background Paper:

Budget Monitoring 2022/23 – April to July 2022 Revenue Outturn Forecast and April to June 2022 Capital Outturn Forecast – Supplementary Appendix on Town Centre Regeneration Fund – Additional funding requirement for town centre regeneration opportunity (Example)

Meeting: Council

Date: 13 October 2022

Wards affected: All Wards

Report Title: Future Approach to Constitution Amendments

Cabinet Member Contact Details: Councillor Steve Darling, Leader of the Council, steve.darling@torbay.gov.uk and Councillor Cowell, Deputy Leader of the Council

Director/Divisional Director Contact Details: June Gurry, Head of Governance Support
June.gurry@torbay.gov.uk

1. Purpose of Report

- 1.1 This report sets out a review in the way that the Council undertakes changes to its Constitution, which will ensure that significant changes and amendments are presented to full Council meetings for approval. Full Council considering significant changes and amendments will provide greater transparency and accountability.

2. Reason for Proposal and its benefits

- 2.1 The proposals in this report strengthen the transparency and accountability in the way the Council maintains its Constitution.

3. Recommendation(s) / Proposed Decision

1. That the proposed amendments to Article 13 of the Constitution, as set out in Appendix 1 attached to this report, be approved.

Appendices

Appendix 1: Article 13, Torbay Council Constitution

Background Documents

[Torbay Council Constitution](#)

1. Introduction

- 1.1 The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.
- 1.2 The Constitution is a 'living' document and is kept under review by the Council's Monitoring Officer to ensure it is up to date, reflecting best practice and current legislation. The current practice for amending the Constitution is by the Monitoring Officer in consultation with the Council Leadership Group, which comprises Group Leaders, Deputy Leaders and the Overview & Scrutiny Co-ordinator.
- 1.3 Constitution amendments can vary significantly from very minor changes to wholesale re-writes. An example of a minor change would an officer's job title or changing the amount of allowances following an automatic uplift or updating following legislative changes. Minor changes are those where there is no 'choice' or 'decision' to be made. Such changes are made by the Monitoring Officer. Significant changes include the introduction of new Local Protocols or changes to Standing Orders to strengthen our governance arrangements and practice.
- 1.4 For any changes to the Constitution where there are active decisions to be made, these are presented to the Council Leadership Group for consultation. Such changes are circulated to all Members for comment prior to discussion by the Council Leadership Group. If any of the Group Leaders disagree with the proposed amendment, it is automatically referred to Full Council for determination. If all Group Leaders concur with the change, then the Constitution is updated by the Monitoring Officer and all Members receive a notification advising them of the change with the updated Constitution published on the Council's website.
- 1.5 A review on the current approach has been undertaken by the Council Leadership Group. To ensure transparency and accountability it was felt significant changes or amendments to the Constitution should be presented to Full Council for approval with Council Leadership

Group acting as a consultee. Technical, administrative and legal changes would continue to be undertaken by the Monitoring Officer so that the Council meeting is not burdened with the volume of minor changes.

2. Options under consideration

- 2.1 To leave the current arrangements in place, however this would not strengthen the Council's transparency and accountability.

3. Financial Opportunities and Implications

- 3.1 Officer time will be required to prepare reports for consideration by Full Council.

4. Legal Implications

- 4.1 None.

5. Engagement and Consultation

- 5.1 The Council Leadership Group undertook the review as set out above.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 Not applicable.

7. Tackling Climate Change

- 7.1 Not applicable.

8. Associated Risks

8.1 None.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			There is no differential impact.
People with caring Responsibilities			There is no differential impact.
People with a disability			There is no differential impact.
Women or men			There is no differential impact.
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			There is no differential impact.
Religion or belief (including lack of belief)			There is no differential impact.
People who are lesbian, gay or bisexual			There is no differential impact.
People who are transgendered			There is no differential impact.
People who are in a marriage or civil partnership			There is no differential impact.
Women who are pregnant / on maternity leave			There is no differential impact.
Socio-economic impacts (Including impact on child poverty issues and deprivation)			There is no differential impact.
Public Health impacts (How will your proposal			There is no differential impact.

impact on the general health of the population of Torbay)			
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10. Cumulative Council Impact

10.1 None.

11. Cumulative Community Impacts

11.1 None.

Article 13 – Review and Revision of The Constitution

(references: Sections 9MF and 9K, Local Government Act 2000)

13.01 Duty to monitor and review the Constitution

The Council has responsibility for monitoring and reviewing the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.

In order to give advice to Council, the Monitoring Officer will also monitor and review the operation of the Constitution, to ensure that the aims and principles of the Constitution are given full effect.

It is important~~A key role~~ for the Monitoring Officer ~~is~~ to be aware of the strengths and weaknesses of the Constitution adopted by the Council, and to make recommendations for ways in which it could be amended in order to better achieve the purposes set out in Article 1. In undertaking this task the Monitoring Officer may:

- (i) observe meetings of different parts of the member and officer structure;
- (ii) undertake an audit trail of a sample of decisions;
- (iii) record and analyse issues raised with him/her by members, officers, the public and other relevant stakeholders; and
- (iv) compare practices within Torbay Council with those in comparable authorities or national examples of best practice.

13.02 Changes to the Constitution

(a) ~~Role of~~ Monitoring Officer

~~The Monitoring Officer will keep the Constitution under review. The Monitoring Officer is authorised to make changes required by law and to make minor amendments to ensure that the Constitution is kept up to date. Details of changes made by the Monitoring Officer will be circulated to all councillors. Officer is also authorised to make other changes to the Constitution that he/she believes are in the best interests of the Council and/or local people provided they are made in consultation with the Leader of the Council and Group Leaders; if any of them object, the Monitoring Officer will report the matter to Council for decision.~~

(b) Council

Other than changes made by the Monitoring Officer under paragraph (a) above, all changes to the Constitution will be approved by Council. Prior to their consideration by Council, the proposed changes will be circulated to all councillors and will be discussed with the Leader of the Council and Group Leaders.

~~(b) Changes to the Constitution not affecting Executive arrangements~~

~~Changes to the Constitution which, in the opinion of the Monitoring Officer, do not in any way affect the operation of Executive arrangements (including overview and scrutiny) may be approved by the Monitoring Officer and brought into effect immediately (or at such other time as the Monitoring Officer shall determine) subject to (a) above.~~

(c) **Changes to Executive arrangements**

- (i) The Council may draw up proposals for the operation of Executive arrangements (“different Executive arrangements”) which differ from the existing Executive arrangements in any respect.
- (ii) Where the proposed “different Executive arrangements” involve a different form of Executive (i.e. leader and cabinet) the Council must take reasonable steps to consult the Borough’s electors and other interested persons in the area and must hold a referendum (the outcome of which supports the proposed change) before implementing the “different Executive arrangements”. A referendum can not usually be held more than once in any 10 year period.

Meeting: Audit Committee/Council **Date:** 28 September 2022/13 October 2022

Wards affected: All wards in Torbay

Report Title: Treasury Management Mid – Year Review 2022/23

When does the decision need to be implemented? Immediate

Cabinet Member Contact Details: Councillor Darren Cowell, Darren.Cowell@torbay.gov.uk

Director/Divisional Director Contact Details: Pete Truman, Principal Accountant, pete.truman@torbay.gov.uk

1. Purpose of Report

- 1.1 This report provides Members with a review of Treasury Management activities during the first part of 2022/23. The Treasury function aims to support the provision of all Council services through management of the Council's cash flow and debt & investment operations.
- 1.2 The key points in the Treasury Management review are as follows:
- Interest rates have risen steadily on the back of severe inflationary pressures
 - Gilt yields and therefore PWLB rates have significantly increased
 - No new borrowing has been undertaken and internal resources used to fund capital expenditure.
 - Investments have been focussed on the safest counterparties and been of relatively short duration to track interest rate rises.
 - All decisions have complied fully with adopted principles and the Council's approved Treasury Management Strategy.

2. Reason for Proposal and its benefits

- 2.1 The preparation of a mid-year review on the performance of the treasury management function forms part of the minimum formal reporting arrangements required by the CIPFA Code of Practice for Treasury Management.

3. Recommendation(s) / Proposed Decision

Audit Committee

1. **that the Audit Committee provide any comments and/or recommendations on the Treasury Management decisions made during the first part of 2022/23**

Council

2. **that the Treasury Management decisions made during the first part of 2022/23 as detailed in this report be noted.**

Appendices

Appendix 1: Economic commentary

Appendix 2: Non-Treasury Management Investments

Background Documents

Treasury Management Strategy 2022/23

1. Introduction

- 1.1 In February 2019 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.
- 1.2 The Treasury Management strategy for 2022/23 was approved at a meeting on 3rd March 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
- 1.3 CIPFA published its revised Treasury Management Code of Practice (the TM Code) and Prudential Code for Capital Finance in December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments. The principles within the two Codes took immediate effect although local authorities could defer introducing the revised reporting requirements within the revised Codes until the 2023/24 financial year if they wish which Torbay Council has elected to do.
- 1.4 Treasury risk management at the Council is conducted within the framework of the Treasury Management Code. This Code now also includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.
- 1.5 Treasury management decisions and strategies have been made in consultation with the Council's advisors, Arlingclose Ltd.
- 1.6 This report is written before any fiscal announcements have been made by the new Truss government which may impact on inflation forecasts, base rates and gilt yields.

2. Economic Commentary

2.1 The significant economic events impacting the Treasury Management strategy during the year were:

- MPC has increased Bank Rate to 1.75% (at August 2022) in regular stages throughout the year.
- Fears of rising and persistent inflation and its damaging impact on consumers' cost of living. CPI rose to 8.8% for July 2022.
- Gilt yields have increased through the year on the back of the concerns of higher inflation.

2.2 A full economic commentary covering the first quarter 2022/23 by Arlingclose Ltd is provided at Appendix 1 to this report. Clearly economic forecasts have continued to change and be volatile since the date of the commentary.

2.3 Arlingclose's key observations for the remainder of 2022/23 are set out below:

- Money tightening measures are being pushed through by policy makers in the EZ and UK
- BoE now forecasts CPI inflation to reach 13% with energy and fuel prices contributing half that amount.
- Forecasts for Bank Rate have been raised over the next few months, peaking at 2.75% by the end of 2022, as the BoE looks to tackle inflation by dampening demand.
- The Economy will therefore slow down more drastically, necessitating cuts in bank rate during the second half of 2023
- Rising inflation and central bank policy expectations will push up gilt yields slightly on their current levels. The medium-term path for yield has flattened as lower policy expectations are priced in.
- However, the risks around gilt yield forecasts are significantly to the upside over the short term. Over the medium term, the balance of risks is broadly balanced.

3. Local Context

3.1 On 31st March 2022, the Council had net borrowing of £273m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31st March 2022 Actual £m
Total Capital Financing Requirement (CFR)	422
Less: Other debt liabilities	(16)
Borrowing CFR	406
Financed by:	
External borrowing	389
Internal borrowing	17
Total	406
Internal Resources for investment:	
Useable Reserves	(96)
Working Capital	(37)
Less: Cash resource applied to Internal Borrowing	17
Total Treasury Management Investments	(116)
Net Treasury Management Position	
External Borrowing	389
Investments	(116)
Net Total	273

3.2 The treasury management position (nominal values) on 31st August 2022 and the change over the six months is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.22 Balance £m	Movement £m	31.8.22 Balance £m	31.8.22 Rate %
Long-term borrowing	389	(3)	386	2.98
Short-term borrowing	0	0	0	0
Total borrowing	389	(3)	386	2.98
Long-term investments	(5)	0	(5)	3.68
Short-term investments	(107)	(10)	(117)	1.37
Cash and cash equivalents	(4)	2	(2)	0.23
Total investments	(116)	(8)	(124)	1.41

4. Borrowing

- 4.1 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity to retain its access to PWLB loans.
- 4.2 The Council currently holds £211m (Valuation as at 31.3.2022) in commercial investments that were purchased prior to the change in the CIPFA Prudential Code and PWLB rules
- 4.3 A new requirement of the new Prudential Code is that “authorities with existing commercial investments who expect to need to borrow should review the options for exiting those investments”. Therefore on an annual basis, as part of the annual Treasury Management Strategy, the Council will review the options and financial implications on the revenue budget such as lost rent for exiting these investments compared to the cost of new borrowing.
- 4.4 As outlined in the Treasury Management Strategy, the Council’s chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should long-term plans change being a secondary objective. The Council’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 4.5 Over the period, short-term rates rose between 1.2% and 1.7% and long-term rates rose between 1.2% and 1.3%.
- 4.6 The Council’s strategy for 2022/23 was to use internal resources to fund capital spend. No new borrowing was undertaken while a £3m existing loan has been allowed to mature without replacement.
- 4.7 The PWLB increases in recent weeks have not changed that approach. All council existing debt is fixed therefore not impacted by the higher rates. New borrowing will be at a higher rate than forecast which will impact on the business case for capital schemes. The current cash levels, low level of capital spend and borrowing rate volatility means that it is unlikely the council will undertake any additional borrowing for at least 12 months.
- 4.8 The Council will continue to monitor with the support of its Treasury advisor’s any alternative borrowing options.
- 4.9 Outstanding loans on 31st August are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.22 Balance £m	Net Movement £m	31.8.22 Balance £m	31.8.22 Weighted Average Rate %	31.8.22 Weighted Average Maturity (years)
Public Works Loan Board	379	(3)	376	2.938	27
Banks (LOBO)	5	0	5	4.395	56
Banks (fixed term)	5	0	5	4.700	52
Total borrowing	389	(3)	386	2.980	28

- 4.10 LOBO loans: The Council continues to hold £5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The lender option does not commence until 2028.
- 4.11 After £0.8m repayment of prior years' Private Finance Initiative debt, total debt other than borrowing stood at £16.0m on 31st March 2022, taking total debt to £405m.

5. Treasury Investment Activity

- 5.1 CIPFA revised TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use during business.
- 5.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year investment balances ranged between £110m and £131m due to timing differences between income and expenditure. The investment position where applicable is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.22 Balance £m	Net Movement £m	31.8.22 Balance £m	31.8.22 Income Return %	31.8.22 Weighted Average Maturity days
Banks & Building Societies	17.2	(2.1)	15.1	0.99	35
Government	62.0	10.0	72.0	1.44	93
Local Authorities	15.0	5.0	20.0	1.18	140
Money Market Funds	12.6	(4.6)	8.0	1.64	1
Other Pooled Funds:					
- Short-dated bond funds	4.0	-	4.0	0.39	-
- Property fund*	5.5	0.1	5.6	3.68	-
Total Investments	116.3	8.4	124.7	1.41	87

* value includes capital growth

- 5.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.4 Short dated market cash rates have increased during the year in line with Bank Rate announcements. New deposits have been kept relatively short to track these and forecast future rises. It is expected that investment returns will continue to be volatile.
- 5.5 At the end of August, the rates on government DMADF deposits ranged between 1.55% and 2.51% and the return on sterling low volatility net asset value (LVNAV) Money Market Funds ranged between 1.62% - 1.66%
- 5.6 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking (Q1 to end June 2022) in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2022	3.63	AA-	28%	70	0.68%
30.06.2022	3.56	AA-	27%	83	1.01%
Similar LAs	4.48	AA-	66%	35	1.52%
All LAs	4.46	AA-	64%	16	1.39%

5.7 The benchmarking results reflect the Council’s cautious risk appetite with emphasis on government deposits in preference to market counterparties.

5.8 **Externally Managed Pooled Funds:** £5m of the Council’s investments is invested in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. During the year this fund has generated an average total return of 0.21m (21.4%), comprising a £0.09m (3.7%) income return which is used to support services in year, and £0.2m (17.7%) of capital growth.

6. Non-Treasury Investments

6.1 The definition of investments in CIPFA’s revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

6.2 A full list of the Council’s non-treasury investments is presented at Appendix 2.

7. Impact of Treasury Performance on the Revenue Budget

7.1 The net revenue budget for treasury management is projected to be underspent (as reported to OSB in September 2022) as a result of reduced external borrowing expectations and the rise in investment returns, as shown in table 6 below.

As at 31 st August 2022	Revised Budget 2022/23	Projected Outturn 2022/23	Variation
	£m	£m	£m
Investment Income	(0.4)	(0.9)	(0.5)
Interest Paid on Borrowing	12.2	12.0	(0.2)
Net Position (Interest)	11.8	11.1	(0.7)
Minimum Revenue Provision	6.9	6.9	(0.0)
Net Position (Other)	6.9	6.9	(0.0)
Net Position Overall	18.7	18.0	(0.7)

8. Compliance

- 8.1 The Chief Finance Officer reports that all treasury management activities undertaken during the period complied fully with the principles in the TM Code and the Council's approved Treasury Management Strategy. Compliance with specific limits is demonstrated in tables 7 and 8 below.

Table 7: Debt Limits

	2022/23 Maximum	31.8.22 Actual	2022/23 Operational Boundary	2022/23 Authorised Limit	Complied? Yes/No
Borrowing	£388.9m	£385.6m	£530m	£620m	Yes
PFI & Finance Leases	£16.0m	£15.0m	£20m	£20m	Yes
Total Debt	£404.9m	£400.6m	£550m	£640m	Yes

Table 8: Investment Limits

	Maximum in period	31.8.22 Actual	2022/23 Limit	Complied? Yes/No
Any single organisation, except the UK Government	£12m	£6m	£15m	Yes
UK Central Government	£77m	£72m	Unlimited	Yes
Money Market Funds	£13m	£8m	£60m	Yes

Treasury Management Indicators: The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating/credit score of its investment portfolio. The credit score is calculated by applying a value to each investment (AAA=1, AA+=2, A=6 etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.8.22 Actual	2022/23 Target	Complied?
Portfolio average credit rating (score)	AA- (4)	A (6)	Yes

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

	31.8.22 Actual	2022/23 Target	Complied?
Total cash available within one month	£26m	£10m	Yes

Interest rate exposures: This indicator is set to control the Council's exposure to interest rate risk.

The Council's debt portfolio is virtually all at fixed rate and therefore has no exposure to fluctuations in interest rates. As such no specific limits are proposed on interest rate exposure but any new borrowing will be restricted to a maximum 30% of the total portfolio exposed to variable interest rate. No new borrowing has been undertaken during the first part of the year.

Maturity structure of borrowing: This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	31.8.22 Actual	Upper limit	Lower limit	Complied?
Under 12 months	1%	40%	0%	Yes
12 months and within 24 months	1%	40%	0%	Yes
24 months and within 5 years	4%	30%	0%	Yes
5 years and within 10 years	11%	40%	0%	Yes
10 years and within 20 years	15%	50%	0%	Yes
20 years and within 30 years	9%	60%	0%	Yes
30 years and within 40 years	37%	50%	0%	Yes
40 years and above	22%	50%	0%	Yes

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2022/23	2023/24	2024/25
Actual principal invested beyond year end	£5m	£5m	£5m
Limit on principal invested beyond year end	£20m	£20m	£20m
Complied?	Yes	Yes	Yes

Appendix 1

Economic Commentary (provided by Arlingclose Ltd, July 2022)

Following Russia's invasion of Ukraine in February, global inflationary pressures have intensified sharply, leading to a sizeable deterioration in the outlook for world and UK growth.

The economic backdrop in the April-June quarter was characterised by higher oil, gas and commodity prices, fears of rising and persistent inflation and its damaging impact on consumers' cost of living, little indication of an imminent end to Russia-Ukraine hostilities and supply chain bottlenecks exacerbated by war in Ukraine and lockdowns in China.

Added to this was tough rhetoric and action by central bankers globally on fighting inflation through higher interest rates and quantitative tightening even as financial conditions became increasingly difficult for consumers, more so for those whose wages have not kept pace with inflation.

In the UK inflation remained elevated. Ofgem, the energy regulator, increased the energy price cap by 54% in April, equivalent to around £700 for a household with average energy consumption (the cap had already increased 12% back in October 2021). May data showed CPI edging higher to 9.1% while the core CPI rate, which removes energy, fuel and food was 5.9%. RPI rose to 11.7%.

The labour market continued to show signs of tightness as employers struggled to fill vacancies with workers with skill sets matching their requirements. The unemployment rate 3m/year for April fell to 3.8% and is now below pre-pandemic levels. Pay growth was 6.8% for total pay (including bonuses) and 4.2% for regular pay; however, adjusted for inflation, growth in total pay was just 0.4%, whilst regular pay fell 2.2%.

Unsurprisingly, with disposable income squeezed and another energy cap increase due in October, consumer confidence plummeted to the level last seen during the 2008/09 financial crisis. Quarterly GDP growth was 0.8% in the January-March quarter and the Bank of England now expects a decline of 0.3% in Q2 2022.

Having increased interest rates by 0.25% in April, the Bank of England's Monetary Policy Committee on the 15th of June 2022 voted 6-3 to increase the official Bank Rate by 0.25% to 1.25%. Those members in the minority preferred to increase Bank Rate by 0.5%. Rises in the input and output producer price measures suggest further inflationary pressure is in the pipeline. The Bank of England is therefore unlikely to become complacent, so further rate rises look likely in the near term.

Annual inflation in the US rose to 8.6% in May, the highest in nearly 40 years. The Federal Reserve also stepped up its fight against inflation with a 0.5% hike in rates in May followed by a further increase of 0.75% in June, the latter its most aggressive hike since 1994 and higher than markets expected, taking policy rates to a range of 1.5% - 1.75%.

Inflation in the Eurozone also pushed higher to 8.1%, with energy price pressures a major contributor. Europe is heavily impacted by the energy crisis following the Russian invasion of Ukraine, but concerns about the Eurozone's peripheral members and highly indebted members states complicates the European Central Bank's response as it seeks to normalise monetary policy. The ECB stated it would end quantitative easing at the beginning of July and then increase interest rates by 0.25% later in the month, the first hike since 2011. The central bank's Governing Council also convened an emergency meeting in June to address 'fragmentation' risks.

Financial markets: Heightened uncertainty characterised financial market sentiment and bond yields were similarly volatile but with a general upward trend as concern over higher inflation and higher interest rates dominated.

Over the quarter the 5-year UK benchmark gilt yield rose from 1.41% to 1.89%, the 10-year gilt yield rose from 1.61% to 2.35% and the 20-year yield from 1.82% to 2.60%. The Sterling Overnight Rate (SONIA) averaged 0.89% over the period.

Credit review:

In May Moody's affirmed the long-term rating of Guildford Borough Council at Aa3, a reflection of the Council's solid track record of budgetary performance and high level of usable reserves but changed the 'outlook' (the longer-term direction of travel) to negative. The agency downgraded the long-term rating of Warrington Borough Council from A2 to A3 and that of Transport for London (TfL) from A3 to Baa1.

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the counterparty list recommended by Arlingclose remains under constant review.

Document is Restricted

**Standing Order D11 (in relation to Overview and Scrutiny) – Call-in and Urgency
Council Meeting, 13 October 2022**

In accordance with Standing Order D11, the call-in procedure does not apply where the executive decision being taken is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would prejudice the Council's or the public's interests.

Before deciding whether a decision is urgent the decision making person or body must consult the Overview and Scrutiny Co-ordinator, or in his absence either:

- (a) (if the decision is a Key Decision and Standing Order E14 (General Exception) applies) each member of the Overview and Scrutiny Board shall be consulted; or
- (b) (in all other cases) the Civic Mayor, or (if there is no Civic Mayor appointed) the Deputy Civic Mayor, shall be consulted.

Decisions taken as a matter of urgency shall be reported to the next available meeting of the Council, together with the reasons for urgency and a summary of the consultation undertaken.

The table below sets out this information:

Matter for decision	Decision-taker	Reasons for urgency	Consultation
Leadership and Management Training.	The Cabinet	<p>The Cabinet took a decision, at its meeting held on 30 August 2022, to award a contract for Leadership and Management Training which was due to commence on 5 September 2022.</p> <p>The decision taken by the Cabinet needed to be implemented immediately as any delay likely to be caused by the call-in process would prejudice the public and Council's interests.</p>	The Overview and Scrutiny Co-ordinator was consulted on 25 August 2022.

Matter for decision	Decision-taker	Reasons for urgency	Consultation
Print Services Contract Approval	The Cabinet	<p>The Cabinet took a decision, at its meeting on 30 August 2022, to award a contract for the delivery of the print services from 8 September 2022.</p> <p>The decision taken by the Cabinet needed to be implemented immediately as any delay likely to be caused by the call-in process would prejudice the public and Council's interests.</p>	The Overview and Scrutiny Co-ordinator was consulted on 10 August 2022.