

Review of Priorities and Resources 2013/2014

REPORT TO THE MAYOR

JANUARY 2012

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1. Introduction

1.1 The Centre for Public Scrutiny in its publication "On the Money: The scrutiny of local government finance" defines the role of scrutiny in the financial process as to hold the Mayor to account and ensure that decision-making is efficient, transparent and accountable. Its role is also to ensure that the Mayor makes decisions in the best interests of the community.

1.2 Consideration of the resource implications goes hand-in-hand with priority setting and there are a range of reviews, plans and strategies which will form the basis of the Council's revenue and capital budget for the coming years.

1.3 To this end, the Priorities and Resources Review Panel (comprising the members of the Overview and Scrutiny Board) met on a number of occasions during the Autumn and Winter of 2012/2013. Its objective was:

To review the emerging priorities of the Council for 2013/2014 and the associated resource implications.

1.4 The scope of the review was:

- 1. To understand the context in which the Council must set its priorities for 2013/2014 and beyond.*
- 2. To review and challenge the emerging priorities of the Council.*
- 3. To review and challenge the proposals for delivering the Council's priorities and the implications on the Council's resources.*

1.5 The Panel reviewed a range of draft documents including the draft Corporate Plan, the Corporate Asset Management Plan, the Summary Capital Strategy and the Medium Term Resources Plan. The Panel then went on to identify specific proposals which formed part of the Mayor's draft revenue budget for 2013/2014 which they examined in detail.

1.6 The full methodology is set out in Appendix 1 to this Report.

2. Revenue Budget Development

- 2.1 The revenue budget build for 2013/2014 was undertaken in a different way to previous in that in-depth service reviews were completed for all services across the Council. The Mayor and Executive Leads for Business Planning and Governance and Finance and Audit (supported by an officer group) carried out the reviews. For each service a set of data was collected which outlined:
- What is provided?
 - Why is it provided?
 - What is the demand?
 - How much does it cost?
 - How well are we providing it? What are the benefits (outcomes) of the activity?
- 2.2 The service reviews included meetings with each Executive Head and the relevant Executive Lead(s) where further information about their services was provided and further details requested. By understanding the detail of the services provided (including how the demand for the service was driven and the statutory basis for that service), an opportunity was provided for exploratory reductions/savings to be suggested to Executive Heads for them to test and consider these suggestions in more detail.
- 2.3 The Panel heard that more detailed proposals for savings would be put forward by Executive Heads which would then be subject to Equality Impact Assessments which would identify the potential impact of the proposals on specific groups (particularly those that are hard to reach and/or vulnerable). Consultation activities would then be designed to ensure that the service users and stakeholders most likely to be affected by the proposals would be able to share their views with feedback being captured robustly.
- 2.4 Alongside the user-specific consultation activity, a more general budget conversation campaign would be run including a public event at the Riviera International Conference Centre, the Budget Simulator being available on the Council's website and online debate via Facebook and Twitter.
- 2.5 In 2013/2014, it was expected that there would be a budget shortfall of approximately £10 million which would need to be found through a series of efficiency savings, service savings and increases in income. However, the exact shortfall would not be known until the Government settlement was announced in December 2012. It was also acknowledged that the projected overspend on the current year's revenue budget would also need to be addressed although some of those overspends had already been included within the Base Budget for 2013/2014.

- 2.6 The Executive Lead for Business Planning and Governance explained that, since the start of the current Comprehensive Spending Review period, the Council had taken a phased approach to the level of budget reductions which was broadly in line with the reductions which had been passed on by the Government. He felt that this had allowed a more measured approach to be taken although some areas (in particular Business Services and Commercial Services) had already made significant budget reductions.
- 2.7 The Executive Lead went on to explain that the service review process was enabling the Council to consider doing things differently and looking at how the Council could be reconfigured. It was felt that there were still efficiency savings to be realised although it was acknowledged that a range of services would need to be reduced or reshaped.
- 2.8 He went onto explain that the process had identified some areas of duplication within the Council where there could be opportunities for spans of control to be widened. In other areas, there had been a fragmentation of services where it was possible that service effectiveness could be increased. The Executive Lead felt that there were significant opportunities for the Council to be reconfigured including the increased use of the third sector. Consideration would also be given to the generation of further income streams with certain schemes already being pursued within individual business units.
- 2.9 In terms of the two biggest areas of spend within the Council (namely Children's Services and Adult Social Care), the Executive Lead confirmed that the members and officers involved in the service review process had robustly challenged those areas and that an improvement in outcomes would be sought as well as efficiency savings.
- 2.10 The Panel questioned how clearly areas of disinvestment were articulated within the Council's strategic documents (for example, the Community Plan and Medium Term Resources Plan). The Executive Lead felt that there was sufficient strategic input to guide these decisions. In particular, the Mayor had three "balanced" pledges which were:
- Protect vulnerable people
 - Jobs and regeneration
 - Tourism and Events
- 2.11 It was accepted by the Executive Lead that these priorities covered "quite a wide range" of services. In light of the particularly challenging budget position, it was noted that only one of these priorities covered statutory services.
- 2.12 In discussing how the Council had given consideration to alternative methods of service delivery, it was noted that over 50% of the Council's revenue

budget was already allocated to external organisation through a variety of contracts and outsourcing arrangements. It was reported that the Procurement Team had been asked to review the Council's contractual arrangements to determine whether they could renegotiated and/or have a lower level of outcomes agreed.

- 2.13 The Panel raised its concern about the capacity within Business Units to continue to deliver services as well as the risks associated with the possible increase in demand on services taking into account the cumulative impact of the forthcoming welfare reforms.
- 2.14 It was recognised that the Council needed to be clearer in its communications with the public around what it would and would not be delivering in the future. The Council would need to manage the expectations of its residents and be explicit about its areas of focus.

3. Overarching Strategies

- 3.1 The Panel received the draft Corporate Asset Management Plan for 2013/2014 (which incorporated the Corporate Repairs and Maintenance Programme) together with its sister plan, the Summary Capital Strategy 2013/2014.
- 3.2 The **Corporate Asset Management Plan** defines Torbay Council's Corporate Asset Management Strategy for the five year period commencing April 2012 and is reviewed annually. The Council has commissioned the Torbay Development Agency (TDA) to deliver the Plan which sets out strategies to rationalise the number of assets held by the Council, replace them where appropriate and improve the condition of those remaining.
- 3.3 In discussing the Plan, members of the Panel raised questions about the Asset Based Community Development methodology, how it could be employed to enable the wider community involvement in asset management and how the Council and the TDA could take a more imaginative delivery approach.
- 3.4 Questions were also raised about the gearing between the disposal of redundant assets and the generation of commercial income. It was explained that whilst assets were held for strategic purposes (such as tourism), the disposal of assets to reduce ongoing and/or maintenance costs with capital raised being recycled into schemes which created jobs and/or generated income was consistent with what the Council was currently doing. It was felt that this aspiration should be strengthened within the Plan together with consideration being given to a further diversification of the Council's portfolio to meet these aims.
- 3.5 The **Corporate Capital Strategy** sets out the principles to be used as guidance in the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 4-year Capital Investment Plan.
- 3.6 The Panel noted that within Section 2.4 of the Strategy (Revenue and Reserves) there was a policy statement on the use of revenue funding for capital schemes. However, there was no policy statement on the use of reserves and it was felt that this was an omission which should be rectified.
- 3.7 In considering how emerging capital schemes are prioritised, the Panel noted that the Council had approved changes in the management of its Capital Investment Plan for 2012/2013 onwards. Members of the Panel felt that this change in process had limited members' ability to challenge proposed schemes before they were approved. The key stages in the prioritisation process were shown in Section 2.5 (Prioritisation). The steps of the process which concerned the Panel were:

- (e) Initial four year allocations of funding to schemes/services for planning purposes approved by Council as part of the annual Capital Budget.
- (f) Council delegates the approval of specific capital schemes within the approved Capital Plan in (e) above to the Chief Operating Officer in consultation with the Mayor, Executive Lead for Finance and Chief Finance Officer.

3.8 The Panel considered the annual Review of Reserves. A number of reserves are held by the Council as part of its approach to prudent resource management. These reserves are applied to both specific and general purposes for the benefit of the communities within Torbay.

3.9 **Members raised concerns about the levels in three specific reserves:**

- There were concerns about the proposed reduction in the IT Equipment Reserve from £822,000 as at 1 April 2012 to £28,000 as at 1 April 2016 given how dependent the local authority was on IT to deliver its services.
- The Council Elections Reserve was shown to be £143,000 as at 1 April 2015. It was highlighted that legislation had now been changed and the Local Authority Election would be held on the same day as the General Election the costs of which were borne by Government. It was therefore felt that the level of this Reserve could be reduced.
- The Torbay Development Agency Capital Schemes Reserve was shown to be halved from its April 2012 position. Members expressed the view that this did not reflect the position which had been stated when considering the Corporate Asset Management Plan of needing to invest in schemes which would generate jobs.

3.10 The **Medium Term Resource Plan** is a key financial planning document which supports the Council in ensuring that it uses its resources in the best way possible to meet the needs of the communities in Torbay and to place effectively for the use of those resources in the medium term.

3.11 The Panel heard that the Council was currently in discussions with Government to pay back (with no penalties) money which had been secured via the Public Works Loan Board but which was no longer needed to fund proposed capital schemes. **There was concern that this was not highlighted as a strategy of the Council within the draft Plan.**

3.12 There was reference within the draft Medium Term Resources Plan to the changes being proposed by the Government in relation to the retention of business rates collected by the Council together with the opportunity for councils to group together to form "pools" for business rate retention. Members of the Panel referred to previous discussions with the Mayor about the positive effects of the South Devon Link Road in terms of attracting new businesses to the area. **Questions were raised about how potential new**

income streams, such as increased business rates, should be included within the Medium Term Resources Plan.

- 3.13 Concerns were raised by members of the Panel that the Plan also included an assumption of a 2% Council Tax rise which had not been debated by councillors.

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4. Detailed Proposals

- 4.1 The Mayor announced his revenue budget proposals in November 2012 and, at that stage, members of the Priorities and Resources Review Panel were asked to identify the issues which they would like to scrutinise in more detail. Reducing the number of topics subject to scrutiny has enabled the Overview and Scrutiny Board to form more evidence based conclusions and recommendations which will feed into the overall consultation process for the development of the 2013/2014 budget for the Council. Details of the information received by the Panel are set out in Appendix 1.
- 4.2 The following paragraphs provide an overview of the proposals¹ which were considered during the Review of Priorities and Resources 2013/2014 together with the findings of the Overview and Scrutiny Board.

Adult Social Care – Community Alarms

- 4.3 There are currently around 900 adult social care clients in receipt of a funded community alarm. It was proposed that over the course of 2013/2014, each of these clients would be re-assessed against the Fair Access to Care Services criteria to determine whether a community alarm needed to continue to be part of their care package.
- 4.4 In cases where it was found that a community alarm should not form part of a client's care package, the client would be given the choice of funding the service themselves, sourcing an alternative provider or ceasing to have an alarm at all.
- 4.5 It was expected that approximately 600 clients would no longer be eligible for a community alarm as part of their care package.
- 4.6 The cost of the community alarm would be £2.99 plus VAT per week. It was noted that those clients who were registered disabled would not pay VAT. For those not registered disabled, the total payable would be £3.59 per week.
- 4.7 The Panel took comfort from the reassurances received from representatives of Torbay and Southern Devon Health and Care NHS Trust (the Trust) about how the most vulnerable clients would be protected. Therefore, having received these assurances, it was felt that the potential risks identified within the papers presented to the Panel had been mitigated against. Hence, when the proposal was presented to the Council, the position with regard to vulnerable clients should be clarified.
- 4.8 The Panel also raised concerns about how the proposed change in staffing levels at the Trust would impact on the risks associated with the community alarm. There was also a debate about the merits of applying the change in policy retrospectively.

¹ Full details of the proposals (and all other proposals forming the Mayor's budget) will be available with the agenda for the meeting of Torbay Council to be held on 6 February 2013.

Adult Social Care – Staffing

- 4.9 The Trust had put forward proposals to make savings of £645,000 through reducing management costs, streamlining assessment and review processes and redesigning and rationalising back office and support functions.

4.10 Additional information was requested showing a breakdown of the different elements of this saving.

4.11 Questions could then be asked about how realistic these savings were and what the impact on service users would be.

Community Safety

- 4.12 There were a range of proposals put forward to make savings in Community Safety, including a reduction in the level of grants made towards community development, limiting the range of work undertaken in the Community Protection and Food, Health and Safety, Trading Standards and Licensing sections and reductions in the service provided by Safer Communities Torbay.
- 4.13 Five members of the community made representations in respect of the budget proposals for Community Safety.
- 4.14 There was a concern expressed by the Panel that by making reductions in the level of service provided within Community Safety there would be an increase in the Council's costs of "putting things right".
- 4.15 It was noted that the definition of a "statutory nuisance" was limited and that, in the past, the Council had dealt with issues which were not within this definition. Going forward, non-statutory nuisance complaints would only be investigated if there was a high risk to public health or if the complainant was vulnerable. However, it was noted that all complaints would be recorded and this intelligence base would continue to be monitored for patterns etc.
- 4.16 Concerns were expressed about the transfer of the Intensive Family Support Service and the Family Intervention Project to Children's Services.
- 4.17 Taking account of the views that were expressed by the members of the public who addressed the Panel, it was felt that consideration should be given to building capacity within the Voluntary Sector. Voluntary sector are willing and eager to work with the Council and its partners however there needs to be real engagement but also recognition that the sector still needs funding. Further, the sector needed to be encouraged to undertake long term planning in relation to grants and consideration should be given to how the expertise within the Torbay Development Agency could be utilised to this end.
- 4.18 Health and safety – look at more thoroughly

Supporting People

- 4.19 The Supporting People service commissions services in partnership with Torbay and Southern Devon Health and Care NHS Trust and Devon and Cornwall Probation Services. It commissions housing related support for vulnerable people with a local connection who need support to remain living independently. The Panel heard about the savings which had been realised as a result of contract re-negotiation and re-procurement.
- 4.20 Representatives of two of the current Supporting People programmes made representations to the Review Panel.
- 4.21 In light of the information the Overview and Scrutiny Board had received over recent months on the possible impact of welfare reform (including changes to Council Tax Benefit and Housing Benefit and the introduction of the Universal Credit) concern was expressed about the numbers of additional people needing access to Supporting People services over the course of the coming year. It was suggested that this could be an issue which could be re-visited by the Board during the year.

Attendance Improvement Service

- 4.22 Following changes in the way the funding formula for Attendance Improvement/Education Welfare services is calculated and provided, the Council's Attendance Improvement Services will be restructured to deliver only the statutory responsibilities around enforcement and prosecution. Schools would be able to negotiate to "buy-in" non-statutory education welfare/attendance support services if they so wished.
- 4.23 It was noted that this change in service provision reflected the changing relationship between schools and the Council whereby it was the schools' responsibility to encourage school attendance directly with children and parents.

Home to School Transport

- 4.24 It was proposed that, with effect from 1 September 2013, the Council would no longer provide discretionary transport assistance for pupils and students travelling to school and college. There would be no change in any of the statutory elements of school transport including for those pupils and students with Special Educational Needs.
- 4.25 Representations were received from South Devon College and Stagecoach Devon about the proposals to no longer provide discretionary transport assistance.
- 4.26 How has the recent Experian report about the "edge of poverty" been taken into account (i.e. those not receiving free school meals**

but who may be pushed into poverty as a result of finding additional money for transport)?

4.27 What will be the impact on the current attendees of South Devon College – breakdown by ward?

4.28 Section 106 funding/grants for College/Stagecoach – what's the history? What's the current position?

4.29 Bursaries – not clear to the Board what the eligibility criteria for the bursaries are – not available to all students – not just provided to cover transport costs but also books, equipment etc

4.30 Concerns about the proposals not being phased in – impact on pupils/students in the middle of their courses

Children's Services: Business Support and Commissioning

4.31 The Panel received details of a restructure within the Business Support team of Children's Services which was currently being finalised. It was noted that, as the service had been running with a number of vacant posts, there would be no visible impact on front-line services and that the restructure would also show an increased capacity in some areas with business support for safeguarding teams remaining a priority.

Housing Options

4.32 ADD IN PROPOSALS

4.33 Whilst members heard that the proposed level of staffing within the Housing Option team was sufficient to meet the current level of demand and any short term peaks in demand, there was concern about the possible future increase in demand for the service as a result of soon-to-be implemented welfare reforms (including changes to Housing Benefit).

4.34 Consideration of how "delinquent loans" can be dealt with – can the bad debt be met through the General Fund?

Voluntary Sector: Citizens' Advice Bureau

4.35 ADD IN PROPOSALS

4.36 The Overview and Scrutiny Board believe that the proposed cut to the grant to the Citizens' Advice Bureau is unnecessary and the funds should be found from elsewhere.

4.37 Further, it was felt that approaches should be made to the banks, credit card companies and utilities for grants to be made to the Citizens' Advice Bureau given the numbers of queries dealt with by the Bureau relating to their services.

Beach Services

4.38 ADD IN PROPOSALS

4.39 Members expressed concern that the budget reductions in relation to Beach Services had been put forward without consideration of how the service will be changed. Whilst it was noted that there were three options to meet the budget target, the impact of each of those options was not available for scrutiny. The options appraisal should be available prior to a final decision on the budget being made.

4.40 Further, consideration needs to be given to the capital investment needed to optimise future income generation opportunities in relation to Beach Services.

Information Services

4.41 ADD IN PROPOSALS

4.42 Further to its consideration of the Review of Reserves, the Panel expressed concern about the reduction in funding of the IT replacement/renewals fund and the future impact on frontline service delivery if IT equipment could not be replaced.

4.43 In addition, it was felt that further exploration should be undertaken in respect of customer service being undertaken on behalf of TOR2 and the opportunities for increasing income from the service.

Business Services

4.44 ADD IN PROPOSALS

4.45 No specific comments/recommendations

Commercial Services

4.46 ADD IN PROPOSALS

4.47 No specific comments/recommendations

5. Conclusions

- 5.1 Alongside the specific comments and recommendations contained within this report, there have been three emerging and interlinked themes to which the Overview and Scrutiny Board would like to draw attention:
- the need for a three year “business plan” for the authority;
 - the need for a co-ordination of efforts between the Council, its partners and the wider community (including the voluntary sector); and
 - the impact on Council services and those of partners and the voluntary sector of the forthcoming welfare reforms.
- 5.2 From its consideration of all of the plans, strategies and proposals before it, the Overview and Scrutiny Board are fully aware of the pressures facing the Council over the next three years and beyond. From the changes in the demographic make-up of the population of Torbay to the ever reducing financial resources available to it, it is clear that the Council will have to continue to make difficult decisions in order to protect the most vulnerable in society.
- 5.3 To that end, the Board believe that a “Three Year Plan” would provide structure to the business planning and decision making processes of the Council to ensure that the Mayor’s priorities are translated into appropriate actions.
- 5.4 Throughout the Priorities and Resources Review and throughout the Board’s work in the past year, there have been many references to the need to engage effectively with the community and voluntary sector. Many different business units have identified this sector as one of the ways of mitigating the risks associated with budget proposals.
- 5.5 The Board believe that one of the vital elements of the Three Year Plan is how the Council will strategically engage with the community and voluntary sector. Whilst there are examples of good practice, evidence considered by the Board appears to show that this engagement has been piecemeal in the past. From what the Board has heard from the community representatives who have attended its meetings is that the sector want to work with the Council and its partners and, therefore, all attempts should be made to get them on board.
- 5.6 Over the past six months, the Overview and Scrutiny Board have been briefed on a number of changes to welfare including the implementation of the Council Tax Support Scheme, the changes to Housing Benefit, the introduction of the Universal Credit and the implementation of the Local Tenancy Scheme. The Board has raised on a number of occasions its concern about how these changes will impact on the community of Torbay and how

the community can be best supported as these changes are made. The Board had also previously noted that the Guardian newspaper had published, on 19 June 2012, an article based on research it had commissioned from Experian which placed Torbay at the top of the list of local authorities whose residents were most at risk of slipping into poverty.

- 5.7 The Board are concerned about the impact that a number of the proposals to which it has given consideration could have on individuals and families who are facing changes in their income. The inter-relationship of the different proposals needs to be considered further and in particular the impact of children already in poverty and those at risk of falling into poverty.

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6. Recommendations

6.1 That in relation to the Corporate Asset Management Plan:

- Consideration should be given to how the wider community can be encouraged to play a role in asset management with a more imaginative delivery approach taken (possibly reflecting the Asset Based Community Development methodology)
- The aspiration of undertaking capital schemes which create jobs and/or generate income should be strengthened and consideration given to the further diversification of the Council's portfolio to meet these aims

6.2 That in relation to the Corporate Capital Strategy:

- The policy statement in Section 2.4 (Revenue and Reserves) should be amended to include a statement on the Council's use of reserves to fund capital schemes.
- Point (f) in Section 2.5 (Prioritisation) should be amended to read:

Proposed specific capital schemes within the approved Capital Plan in (e) above should be submitted to the Chief Operating Officer for consideration in consultation with the Mayor, Executive Lead for Finance and Chief Finance Officer. If the proposed scheme is supported, it will be considered by the Council with a recommendation of approval.

6.3 That robust business cases should be prepared to evidence the levels of the Council Elections Reserve, the IT Equipment Reserve and the Torbay Development Agency – Capital Schemes Reserve.

6.4 That the Overview and Scrutiny Board supports the Mayor and officers in their efforts to convince the Government to enable the Council to repay borrowing with no penalty to relieve the Council of unnecessary burdens.

6.5 DO YOU WANT TO MAKE ANY OTHER SPECIFIC RECOMMENDATIONS?

7. Appendix 1: Methodology

7.1 TO BE COMPLETED