TORBAY COUNCIL

Revenue and Capital Budget 2022/2023 – Report of the Overview and Scrutiny Board

Report to the Cabinet

January 2022

1. Background

1.1 The Cabinet's Draft Revenue and Capital Budget proposals for 2022/2023 were published on 12 January 2022 and available on the Council's website at https://www.torbay.gov.uk/council/finance/budget/budget-202223/. The Revenue Budget Digest set out the proposed budget for each Council service for 2022/2023. The website also included further documents which set out: the proposals investment in services, efficiencies and income generation; proposed fees and charges; Review of Reserves, Capital Plan Budget and Strategic Asset Management Plan. The Priorities and Resources Review Panel was established to scrutinise the proposals and to make comments, observations and recommendations as necessary.

1.2 The Review Panel comprised the councillors on the Overview and Scrutiny Board (namely Councillors Atiya-Alla, Barrand, Brown, Bye, Mandy Darling, Douglas-Dunbar, Foster, Kennedy and Loxton and was Chaired by Councillor Douglas-Dunbar, Councillor Chris Lewis attended the meeting on 17 January 2022 in place of Councillor Bye and Councillor Dudley attended the meeting on 20 January 2022 in place of Councillor Atiya-Alla) and it met in public on 17 and 20 January 2022 to hear evidence and on 24 January 2022 in private to agree the key findings and recommendations to the Cabinet. At its public meetings the Panel heard from the Deputy Leader of the Council and the Cabinet Members as well as from officers from the Senior Leadership Team.

1.3 The Panel considered all of the proposals for investment in services, efficiencies and income generation for 2022/2023 as well as the overall budgets for Children's Services, Adult Services and Public Health and the findings from their meetings are set out in this report. The report was presented to the Overview and Scrutiny Board on 27 January 2022 and approved unanimously and will now be submitted to the Cabinet as part of the consultation process.

1.4 The background papers to the Review can be found at https://www.torbay.gov.uk/DemocraticServices/ieListMeetings.aspx?CommitteeId=1871

2. Council Fit for the Future

2.1 Members acknowledged that the budget proposals had been developed with the continued financial impacts of Covid-19 and the Government having only provided a one-year Local Government Finance Settlement. The proposals included investment in several priority areas (thriving people, thriving economy and tackling climate change) with savings proposed to be made as a result of further efficiencies and investment, as well as allocation of an additional one-off Services Grant.

2.2 Members welcomed that there were no proposed cuts to services, which would adversely impact our communities who have already suffered because of Covid-19. However, Members acknowledged that the Council intended to increase the Council Tax by 1.99% allowed by the Government and the additional 1% for Adult Social Care which would increase the financial pressure on some families, especially in light of increasing energy costs. Members felt that the Council could do more to support residents who were most financially stretched through raising awareness of available support and signposting to organisations who could provide advice and guidance to them.

2.3 **Use of one-off investment.** Members were concerned in respect of the future sustainability of using one-off investment in certain areas within the budget proposals. They were advised that the use of one-off investment would enable the Council to have the capacity to progress with important capital and other major projects which otherwise would be delayed or not implemented without such investment. It would not be appropriate for such costs to be included within the base budget as this would result in further cuts needing to be identified for future years budgets. The Council was already expecting to need to find around £9m of savings in 2023/2024 and 2025/2026.

2.4 **Redesign of Council operations resulting from new ways of working (one-off funding).** Members sought assurance that the anticipated savings were realistic as they relied on changes in behaviour which would take a while to embed and were concerned over delays to the Customer Relations Management System. Members received and noted the following written response and were given such assurance to support this proposal:

> "This saving chiefly depends on ways or working that have already been embedded in the Council, we are now in a position to realise savings from the changes, which do not rely upon the new Customer Relations Management system (CRM). The savings will come from a reduction in staff travel, a vastly reduced print requirement and a smaller reduction in our postage costs due to use of digital channels. Therefore we have confidence that these savings are realistic.
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> To note on the CRM work, Open Portal will be going live at the start of the new financial year, this is a new Civica Open Revenues product that will enable customers to process claims, pay bills, and update their accounts at a time convenient to them. This is the first of the new portal improvements this year and will be a foundation stone for the

new Civica CRM, which will bring further services online through a portal where our customers will be able to track their interaction with the Council when and where they want to use our services."

2.5. **Increase organisational capacity (one-off funding).** Members questioned the areas which would benefit from this funding and how the capacity would be sustained and raised concern over the lack of capacity within the Overview and Scrutiny Support Function, within the Governance Support Team, which had resulted in the suspension of the Enforcement Action in Torbay Review and not allowed proposals to create an Adult and Public Health Sub-Committee, similar to that established for the Children and Young People's Overview and Scrutiny Board, to be pursued. The Deputy Leader of the Council and Cabinet Member for Finance confirmed that this investment was designed to ensure that the Council could retain key staff and to fill the gaps where there were significant capacity pressures. The work market was very competitive at the moment and recruitment and retention is a pressure and this funding will be used to ensure that we have capacity and ability to fill vacancies and retain staff who have significant experience. A decision had not yet been made as to which specific areas would benefit from this funding but details were being developed by the Senior Leadership Team for consideration by the Cabinet.

2.6 **Investment in IT within SWISCo (one-off funding).** Members supported the review and rationalisation of IT licences to ensure consistency across the whole of the Council and to remove any unnecessary licences. However, Members sought assurance that the proposed investment of £1.5m in SWISCo after years of underfunding by Tor2 would be sufficient given the additional investment already made in 2021/2022 and the report of a significant overspend in this financial year. Members received and noted the following written response and were assured by the proposals:

"Since the end of the Tor2 contract and the start of SWISCo (1st July 2019) the Council has been working with the SWISCo Board to establish the correct level of annual funding to allow the company to deliver the core services to our communities, within a sustainable financial envelope. A new Managing Director for SWISCo will commence work at the end of January and the £400k investment in IT will improve the efficiency of the company. As the shareholder the Council has placed the Finance Director/Section 151 Officer on the SWISCo Board and the Council's Deputy Head of Finance also attends the SWISCo Senior Management Team. The financial position of SWISCo is being heavily scrutinised to ensure that the right level of funding is made available to the company. We do not expect to apply for further revenue funding, but this cannot be ruled out, especially as the HGV driver shortage has not been fully resolved. A request for further capital funding for SWISCo can certainly be expected in future years as investment in vehicles and plant will be required."

2.7 **Investment in Planning Services (one-off funding).** Members questioned the lack of proposals in respect of investment in housing and referred to the emerging recommendation from the Torbay's Housing Crisis Review and sought assurance on how this would be addressed to ensure that the Council is increasing available housing, especially affordable housing in Torbay:

"that a dedicated resource should be appointed to carry out appropriate enforcement on poor standards of accommodation and to bring empty properties back into use and an additional resource should be appointed to chase developers to progress sites which are not coming forward but have received planning permission; this is all linked to the establishment of the enabling role in house."

Members received and noted the following written response:

"50% of the proposed one-off funding will be used to provide additional Development Management support and assist in clearing the backlog of older cases and reduce Officer Workloads and create a more sustainable workload per officer. In addition, we aim to provide a temporary resource to help progression with the stalled sites and untidy sites list. This will be through the use of agency staff, for a limited period. The other 50% of the funding will be used to address some of the digitisation of elements of the planning Service, in order for the more efficient operation of the service."

Members supported the proposed investment in the Planning Team but were not satisfied that the response provided sufficiently addressed the concerns and proposals raised by Torbay's Housing Crisis Review Panel and have included their recommendation in the recommendations to Cabinet in section 6 of this report. In making this recommendation Members were aware of the difficulties in recruiting staff particularly within the Planning Team but highlighted the importance of ensuring that there was sufficient capacity within the Planning Team and Enforcement Team in order to help bring forward more housing, particularly affordable housing in Torbay and hoped that officers would be able to find a way to recruit the required officers within the additional investments proposed.

2.8 **Highways Budget.** Members noted that there were no proposed changes to the highways budget but highlighted that this was an area of concern that many local residents raised with them in their role as Ward Councillors. It was suggested that further investment should be made in our highways in terms of road safety, residents' parking and highways maintenance and that this will be explored further by the Overview and Scrutiny Board.

2.9 **Community Ward Fund.** Members supported the continuation of the Community Ward Fund to support community activity within each Council Ward.

3. Thriving People

3.1 **Adult and Children's Social Care.** Members supported the proposal to allocate the Social Care Grant to Children's and Adults Social Care to help improve the adult social care provider market and to provide a contingency for increased placement costs, additional funding for youth support and cover National Insurance and Inflationary costs for Children's Services.

3.2 **Adult Social Care and the Integrated Care Organisation.** Members acknowledged the increasing costs of Adult Social Care due to additional need, increasing costs for providers e.g. utility bills, staffing and other inflationary costs. Whilst the Government was increasing National Insurance this was initially being used to fund pressures within the NHS and would not reach Adult Social Care for at least three years. It was noted that the overall budget for Adult Services had already been set and was the final year of a three-year budget which had previously been agreed between the Council and the Integrated Care Organisation (ICO). Members questioned the impact of the ongoing negotiations between the Council and the ICO in respect of the agreement from 2023 and were assured that agreement was anticipated in the next few weeks and that any changes would impact on the budget for 2023/2024 and not 2022/2023.

3.3 **Investment in Special Educational Need and Disability (one-off funding).** Members supported the proposal to provide additional funding to help children benefit from earlier identification of targeted support for additional needs. This had been identified as an area for improvement by the Council and our partners through a recent Peer Review and Ofsted Inspection.

3.4 **Use of alternative funding to continue work with Groundwork South West.** Members were concerned over the intended use of Section 106 moneys when the Council had been unable to spend such money in the past due to constraints within the agreements restricting what the monies can be spent on and asked what other consideration had been given to greater use of volunteers to assist with this role and reduce costs. Members received and noted the following written response and supported this proposal:

"Green Space Section 106 monies have historically proved a challenge to allocate in accordance with the legal deed due to officer capacity and the lack of 'Friends of Groups' or such groups not necessarily being pro-active enough. With the support of SWISCo's Communities Team and the specific funding for this post, future and wider support of community volunteering and 'Friends of Groups' within green spaces, more Section 106 allocations will be achieved.

Community engagement and volunteering requires management and guidance to complete risk assessments, method statements and compliance with insurances that require officer input. The Green Spaces Engagement Officer role is to support such groups for example the Tree Warden Scheme and provide professional support and guidance.

Funding for the Green Spaces Engagement Officer within SWISCo will take a percentage top slice of the Section 106 legal deeds. This is currently a 2-year fixed role. There is a budget of £1.1m and these costs will be included.

This budget proposal relates to the commissioning of Groundwork from the Community Engagement budget but the risks around allocating Section 106 money still applies, although it is still achievable."

4. Thriving Economy

4.1 **Review of fee structure for beach huts.** Members supported the proposal to review the fee structure for beach huts to meet the demand for sites based on location, facilities etc.

4.2 **Prudential borrowing costs for the Pavilion.** Members supported this proposal which would help to progress repair works to the Pavilion and start the journey to bring this disused building back into future use.

4.3 **Reduced contribution from the Harbour account.** Members supported transferring £75,000 back into the Harbour account as the Harbour reserves had been used over the past years to help fund the overall Council budget reducing the amount available for the Harbour to spend on unforeseen costs.

4.4 **Premier Resort funding (one-off funding).** Members questioned the sort of events proposed under this funding, if the level proposed was sufficient and how would more permanent funding solutions be found. Members received and noted the following written response:

"This budget is able to provide additional support to further the commitment to the visitor economy. We know from the evidence that is being collected by TDA for a new Destination Management Plan (DMP) that the sector wants to see investment which will help attract new visitors particularly visitors with an interest in cultural activities, we also know that other themes which are likely to be important include food and drink, watersports and the Geopark designation.
This investment is informed by the DMP but also by the Events Strategy which sets out that we want to achieve:

- A year-round, area-wide events offer
- Support recovery from Covid-19 pandemic and sets direction for events in the Bay
- Use events to meet the vision of premier resort
- Meet social, cultural, economic, skills and sustainability needs of the local area
  And;
  - Enhance the national and international profile and reputation of the area (including profile of UNESCO Global Geopark designation)
  - Deliver high quality events
  - Attract visitors to the area year-round and align with the Destination Management Plan
  - Deliver measurable benefits for local businesses

- Encourage civic pride and community cohesion

We also know that the visitor economy sector and our visitors want to be able to see improvements in other areas of the Bay to help encourage visits and while the proposed investment is likely to support events and the objectives referenced above we will explore how the funding might support improvements in infrastructure that supports the visitor economy and potentially investment which can help improve the wider economy as a successful economy will help to provide revenues which support these activities in the future.

In addition to this funding the Council has previously allocated a further £750k of one-off funding towards Events, Culture & Heritage initiatives, which will be spread over a number of years. In the case of Events funding the money will be matched in some areas by the English Riviera BID Company, again over several years, to ensure that we continue to promote Torbay as a premier resort. Other previously allocated one-off funding includes £100k towards illuminations around Torquay Harbour, £150k towards beach/sea-front improvements and significant investment in the renewal of festoon illuminations in Torquay and Paignton."

Members supported this proposed investment and welcomed the closer working with the English Riviera BID Company and options to explore further funding opportunities for the benefit of residents and visitors of Torbay.

5. Tackling Climate Change

5.1 **Appointment of additional climate change officers and climate change subsidy (one-off funding).** Members supported the proposals to provide additional investment to enable the Council to increase activity to support climate change across Torbay to help reach its carbon neutral aspirations but did not feel that the funding went far enough towards reaching our targets. Members noted the joint working with Devon and the proposed communication and engagement work being undertaken to raise awareness of climate change and tips for residents to help them to make a difference. They also received and noted the following written response:

"We have commissioned the estate investment grade decarbonisation audits of a number of our buildings and the Green Fleet Review. From this we will have a pipeline of projects that the £100k can fund, but this will not go far. The 6 audits for schools are likely to suggest maybe a £1m pot would be needed to fully decarbonise. Information is being gathered from comparable Authorities as to what a reasonable figure would be required for the projects proposed, to allow us to meet our Carbon reduction targets.

The Council's bold ambition to become carbon neutral needs to be matched by bold action, which should include timely and supportive decision making. In general terms the impact of this funding on the Council's response to tackling climate change will be modest but it will certainly help identify what actions are required and the likely investment that will be necessary."

5.2 **Reduction in cost for disposal of residual waste.** Members sought assurance that this target was achievable considering the impact that Covid-19 has had on our waste collection rates, with many residents not receiving regular collections due to staff shortages and questioned what other options had been considered to help increase recycling rates and reduce the amount of residual waste collected. Members received and noted the following written response and their concerns were alleviated although they appreciated that this was a very challenging target:

"Through the interventions of our Recycling Support Co-ordinators (RSCs), at a household level (monitoring activity, leaflets, bin stickers and door knocking), we are seeing increases in both yield and participation levels e.g. food waste collected has risen from 42.8 kg/household in 2019/20 to 48.62 kg/household in 2020/21. However, the pandemic increased both recycling and residual waste (residual more than recycling) and the arisings have not yet returned to pre-pandemic levels. We do not yet know if they ever will, as so many people might work from home on a permanent basis.

We are hoping that the RSCs will be able to attend community events this year, to further encourage participation in recycling. However, through engagement and communication alone, without any bold service changes, which could also free up the resource to establish a garden waste collection, the impact of the RSCs will be modest and incremental (estimated at circa 2% increase each year). We also need to recognise that many of our planned campaigns for recycling have been postponed during the last year due to collection delays.

Delays in waste collections may also have a longer-term impact on people's recycling behaviour as they lose faith in the recycling process. The loss of faith in materials actually being recycled is identified nationally as a barrier to recycling by the Waste and Resources Action Programme (WRAP).

The corporate plans to increase recycling and to reduce residual waste have been laid out in the Council's Resource and Waste Management Strategy and its associated Action Plan. In addition, we are focussing on identifying households with additional residual waste bins and asking them to re-apply for the additional bin, alongside support to recycle more.

A 1% improvement in the recycling rate saves about 500 tonnes of residual waste and this delivers a £50k saving in the waste disposal budget. Therefore, a 2.4% annual improvement delivers £120k, which would cover the cost of the work delivered by the four RSCs and a 4.8% annual improvement would also deliver a £120k base reduction but the new and improved recycling rate would need to be sustained.

In addition to the kerbside collected residual waste, this particular budget line also covers the Recycling Centre residual waste costs, as well as the street cleansing waste and some of these areas are beyond the influence of the

Recycling Support Co-ordinators. In summary this target is indeed a challenge and many variables exist which limit our ability to deliver this saving."

6. Recommendations

That the Cabinet be recommended:

6.1 to review the resources within the Governance Support Team in respect of the Overview and Scrutiny Function to ensure that there is sufficient capacity within the Team to enable an effective and efficient overview and scrutiny function which adds value and supports the good governance of the Council;

6.2 to ensure adequate support services are put in place to support our residents facing financial difficulty to raise awareness of the support available and to signpost them to relevant support and advice;

6.3 to consider increasing the investment in Climate Emergency to enable the Council to act upon the recommendations arising from the estate investment grade decarbonisation audits of our buildings and the Green Fleet Review in a timely manner;

6.4 that a dedicated resource should be appointed to carry out appropriate enforcement on poor standards of accommodation and to bring empty properties back into use and an additional resource should be appointed to chase developers to progress sites which are not coming forward but have received planning permission; this is all linked to the establishment of the housing enabling role in-house; and

6.5 to consider making significant investment in highways funding to be used to fund parking schemes, road safety and to help improve the highways in residential areas;

That the Overview and Scrutiny Board be recommended:

7.1 to add review of highways to the Overview and Scrutiny Board work programme to enable the Board to understand the current situation and explore the options available for highways improvements; and

7.2 to add the outcome of the Planning Advisory Service review of the Planning Service to the work programme to give the Board assurance that improvements are being put in place to support the service.