

Overview
& Scrutiny
Confidence in your Council

Priorities and Resources 2017/2018

DRAFT Report of the Overview and Scrutiny Board to the Mayor
December 2016



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DRAFT

1. Introduction

1.1 The Mayor published his proposals for his Revenue and Capital Budget on Draft Revenue Budget Digest was published on 4 November 2016. The documents published at that time included:

- Draft Revenue Budget Digest (which also contained the Mayor's proposals for service change, income generation and savings)
- Draft Equality Impact Assessments for proposals which had been assessed as having material impact on service users
- Proposed Fees and Charges for Council services
- Draft Capital Strategy
- Revenue Budget Monitoring Report for Quarter 2 of the 2016/2017 financial year
- Capital Plan Budget Monitoring Report for Quarter 2 of 2016/2017 which will form the basis of the Capital Plan for 2017/2018.

1.2 As part of its Work Programme, the Overview and Scrutiny Board had previously determined that it wished to respond to the Mayor on his proposals and the Priorities and Resources Review Panel was established. The Review Panel comprised the councillors on the Overview and Scrutiny Board and it met in November and December 2016. At its meetings, the Panel heard from the Mayor and his Executive Leads as well as officers from the Senior Leadership Team. The Panel examined the rationale for the proposals and information was sought about the services which would continue to be delivered including the costs of those services.

2. Children's Services

2.1 The Panel discussed the proposals in relation to Torbay Youth Services, Information, Advice and Guidance for Young People and Integrated Youth Support. Representations were received in respect of each of these proposals.

2.2 Whilst the Overview and Scrutiny Board have yet to formally review the emerging Children's Services Medium Term Financial Strategy, some members of the Board meet with the Director of Children's Services as the Children's Services Monitoring Group and have had the opportunity to discuss the early drafts of the Strategy.

3. Adult Social Care

3.1 The Director of Adult Services reminded the Panel of the demand pressures for adult social care both due to the demographics of the local area and to the number of children with disabilities now transitioning to adulthood as medical advances have been made. The Panel was also reminded that the Council contributes income to the Integrated Care Organisation (ICO) and is part of the Risk Share Agreement with the Council liable for 9% of any spend over and above the outturn position agreed with NHS England. Within the 2016/2017, the ICO was predicting a significant overspend with the Council's share estimated to be £1.1 million.

3.2 The Director of Finance, Performance and Information at Torbay and South Devon NHS Foundation Trust attended the meeting. He explained that this year's deficit plan was in a large part to enable investment in the new model of care. A longer term programme of

efficiencies would come through as the Annual Strategic Agreement. He stated that the Trust was planning for a £600,000 surplus in 2017/18 although this was not as large a surplus as stated in the Business Plan when the ICO was established. Whilst this projected surplus was predicated on the reduction of funding from the Council of 3% (as per the Business Plan), there were also a number of caveats. One such caveat was that the proposed surplus did not meet the Control Total which is agreed with NHS England – this was still under negotiation when the Panel met.

- 3.3 In subsequent discussions with the Council's Head of Finance, the Panel were informed of other assumptions which had been made by the ICO in projecting the £600,000 surplus which included an assumption that a further substantial sum of money would be made available by the Council.
- 3.4 The Board understand that discussions between the Council and the ICO are ongoing in relation to this issue. It believes it is necessary for these discussions to be resolved in a way which does not increase risk to the Council.
- 3.5 Although the vast majority of spending on adult social care is via the ICO, the Council still spends almost £2 million on other adult services such as accommodation based support for vulnerable young people and families, family support and specialist housing. The Panel considered two of the Mayor's proposals to reduce spend in this area: Young Parents support and Project Search. The Panel heard a representation from SPOT (Speaking Out Torbay).

3.6 Young Parents – add in information after 14 December

- 3.7 Project Search provides job coaching and internships for young people between the ages of 16 and 24 who have a learning disability or an autistic spectrum condition. Consultation was taking place with South Devon College, Torbay and South Devon NHS Foundation Trust and Pluss on the impacts of the proposal.

4. Public Health

- 4.1 In considering the proposals in relation to Public Health, it was noted that the Government had reduced the level of the Public Health Grant made to local authorities and that the level of the grant would continue to reduce in future years. In addition, the Director of Public Health had been asked to identify further areas of savings in order that a wider range of services with public health outcomes could be supported across the Council.
- 4.2 The Director of Public Health explained that many of the services commissioned by Public Health were demand led and needed to be clinically safe. The costs of those services tended to be fixed and included the cost of treatment such as medicines. The majority of Public Health services were commissioned from the Integrated Care Organisation (ICO) (Torbay and South Devon NHS Foundation Trust (the Trust)). The Chief Executive explained the Panel that feedback from the Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) was that the Council needed to be confident that it was achieving value for money especially given that the majority of public health spending was with one provider.
- 4.3 The Medical Director of the Trust attended a meeting of the Panel and explained that, in developing the ICO, there had been a shift towards prevention which, in his words, had been "hard won". However, it was acknowledged that, in order to control health and social care costs in the long term, there needed to be that shift in resources from acute care to prevention.

- 4.4 The Panel discussed the proposal to substantially redesign the Torbay Lifestyles Service retaining a residual amount of funding to commission a digital and self-help support service. Part of the discussion included the reach, scope and success of the current service as well as the alternative options which were available to people to help them make healthy lifestyle choices. Members of the Panel subsequently had discussions with the Director of Public Health on how some of the lifestyle services could be provided at a lesser cost and the Board's recommendations reflect those discussions.
- 4.5 The Panel sought clarification of how the money that would be saved by redesigning the Lifestyles Service would be spent within the Council's budget and what outcomes would be achieved. **To date that information has not been supplied to the Panel.**
- 4.6 The Panel also discussed the proposals in relation to Health Checks, Sexual Health Services, Adult Substance Misuse Services and Public Health Nursing.
- 4.7 The Panel met with representatives of the Torbay Community Development Trust (TCDT) who provided an overview of the work that the Trust undertook and was planning to deliver over the coming years. The Panel heard that organisations in other parts of the country similar to the TCDT normally receive some form of core grant from the local authority.
- 4.8 However, the TCDT were continuing to explore other options of funding including discussions with the ICO and the Big Lottery Fund and generating an income stream from the sale of assets. At this stage though, the TCDT have not identified a way of replacing the proposed reduction of £60,000 from the Council in 2018/2019.

5. Community Services

- 5.1 The Panel discussed a number of the proposals associated with Community Services.
- 5.2 The Panel heard that there would be no CCTV service going forward unless the proposal to reinvest £100,000 of revenue funding (alongside the capital investment of £350,000) was agreed. It was explained that it was hoped that the revenue costs of the service could be reduced over time as it had now been confirmed that the Torquay system could run on wireless technology. Assessments were currently taking place to see if the same was true in Paignton and Brixham.
- 5.3 A saving of £50,000 was proposed in 2018/2019 by taking a more sustainable approach to managing the Council's green spaces. It was also proposed that community groups would be encouraged to maintain flower beds in their areas.
- 5.4 There was a proposal to temporarily reduce the highways budget by £250,000. The Panel was told that the impact would be that the highway will continue to be kept safe but the overall deterioration of the asset would continue. Members of the Panel noted that this was the area of Council activity about which they received the most correspondence and that it was a universal service used by everyone in Torbay.
- 5.5 Other proposals which the Panel considered related to dog wardens, street wardens, food safety, domestic abuse and concessionary fares. They were also updated on the progress of the transformation projects in relation to sport and leisure and culture and event.
- 5.6 During the course of the review, the Assistant Director of Community and Customer Services reported to the members of the Panel that, as a result of staff consultation, the proposal in relation to road safety was likely to be amended through the reinstatement of a 0.5 full time equivalent post to manage the School Crossing Patrols.

6. Customer Services

- 6.1 When the Panel considered the proposals in relation to IT Services, the Chairman referred to a letter he had received from the Chairman of the Audit Committee. It highlighted that Internal Audit has undertaken an audit of ICT during 2015/2016 and had identified areas 'requiring improvement' with a follow up report indicating limited progress in delivering some of the audit recommendations. This coupled with IT infrastructure being included on the risk register with an impact score of '4-Major' had caused members of the Audit Committee considerable concern given the proposed budget saving. The Panel noted that the Council is heavily reliant on IT with the significant impact on the operation of the Council of the loss of this infrastructure.
- 6.2 The Panel also discussed the progress of the transformation project in relation to library services but has no further comment to make on this that hasn't already been highlighted in its reports from past reviews of priorities and resources.

7. Corporate Services

- 7.1 The Panel gave consideration to a range of proposals in Corporate Services such as Policy and Business Support, Communications, Finance, Governance Support, Human Resources and Legal Services.
- 7.2 The Panel heard that an actuarial review was currently being undertaken to determine whether the proposal to create a service delivery company would lead to a true saving. The Assistant Director – Corporate and Business Services explained that she believed that the creation of the Service Delivery Company would not be a significant impediment to recruitment.

8. Business Services

- 8.1 In considering the proposal for reducing the budget for Administrative Estate and Programmed Maintenance, the Chairman again referred the Panel to the letter from the Chairman of the Audit Committee. The risk register lists inadequate maintenance and repairs of the Council's assets as having an impact score of '4-major'. The Panel's attention was drawn to the further risk the Council could be exposed to by the proposal.
- 8.2 Information was provided to the Panel which explained that, of the proposed saving of £150,000, it was estimated that 20% would be from repairs and maintenance and 80% from centralised premises costs (including 70% from utilities savings). No additional rental income had yet been identified.
- 8.3 The Panel was provided with an update on the proposals in relation to Torbay Development Agency (TDA) and the ongoing discussions between the Board of the TDA and the Mayor about how those savings could be made.
- 8.4 The Board believe that any reduction in the support provided by the Council for economic regeneration should be avoided at all costs. It was clear from the information provided by the TDA they it was unable to identify the proposed savings of £300,000 in both 2017/2018 and 2018/2019 whilst maintaining its support for economic regeneration. The Overview and Scrutiny Board accept that there is no viable mechanism for this proposal to be implemented although it does believe that the TDA should look at all cost saving opportunities including the potential closure of its American office.

9. Capital Strategy and Capital Plan Budget

- 9.1 The Panel considered the draft Capital Strategy and noted that it now included the Capital Receipts Strategy reflecting new flexibilities from Government on the use of capital receipts.
- 9.2 The application of the Capital Plan matrix was being progressed although not within the timescales which had originally been planned. However, given that there were currently no capital receipts to be allocated, this had not caused delay of any potential scheme.
- 9.3 The Head of Finance explained that the Capital Plan would look different moving forward as the investments were made from the Capital Investment Fund. The Capital Plan has traditionally been a four year rolling programme. The Panel felt that members were not always as clear about what was included in the Capital Plan (and why) as they were about the Revenue Budget. There needed to be clarity about how the Capital Plan fitted with the Corporate Plan objectives, how projects were being funded and which projects had previously been agreed. It was felt that members needed to be clear about where they could have some influence.
- 9.4 It was noted that £1.9 million is allocated to Affordable Housing although no schemes had currently been approved. It was explained that, as the housing market has improved, more affordable housing was being built by developers. The Council was in discussions with health colleagues about the types of affordable housing which were needed in the system (such as Extra Care Housing). Consideration was also being given to how affordable housing could be progressed through the proposed Housing Company.
- 9.5 A bid to the New Station Fund had been submitted in relation to the proposal for Edginswell Station. The Local Enterprise Partnership had committed £4 million to the scheme but the costs had since risen. A final decision on whether to keep the scheme within the Capital Plan would need to be taken once the true costs of the scheme were known.

10. Recommendations

Children's Services

- 10.1 The Board accept the difficult financial position faced by Children's Services but believes that the Mayor's proposals should be implemented. However, the Board also believes that the Director of Children's Services should, with the benefit of the work undertaken by Peopletoo, be in a position to revisit the Children's Services budget with a view to putting forward further savings of up to £500,000.
- 10.2 The Board remind the Mayor of the assurances that it received in reviewing the revenue budget for 2016/2017 that the budget for Children's Services was adequate. The budget has since been overspent at Quarter 1 and Quarter 2. The Board seeks the same assurance for 2017/2018 and that all of the savings identified in the Children's Services Medium Term Strategy (once approved) are implemented within the timescales set out in that Strategy.

Adult Social Care

- 10.3 The Board believe that the Council's Risk Share Agreement with the ICO presents a substantial financial risk to the Council and that options need to be considered which will minimise and/or cap that risk. The Board questions whether the appropriate mechanisms are in place to hold the ICO to account and to enable sufficient transparency and influence over the budget of the Trust.

- 10.4 At the same time, there needs to be a different dialogue with the Government. The integration of health and social care in Torbay has long been held up as the right model of care which provides better outcomes for the population of Torbay. The Government needs to help to ensure the continued success of this model without local tax payers being asked to meet the increasing costs of the NHS.
- 10.5 The Board is uneasy about the proposal to remove the funding from Project Search. It seeks assurances of the other ways that the Council supports vulnerable young people.

Public Health

- 10.6 The Board does not wish to see the services provided by the Lifestyles Service discontinued as it believes that preventative services need to be maintained in order to ensure that costs of acute services and adult social care can be reduced. This premise is the basis of the NHS Sustainability and Transformation Plan for Torbay. Further, the Council, through its Risk Share Agreement with the ICO, will also be faced with higher costs at a later date.
- 10.7 The Board recommend that a saving of £120,000 should be made to the Lifestyles Service. The Director of Public Health should be requested to review her entire budget to determine if savings can be made elsewhere to offset the cost of the Lifestyles Service in 2017/2018 with a view to £225,000 of savings being found to fund the Lifestyles Services from 1 April 2018.
- 10.8 The Board will be seeking assurances over the coming year that the Public Health service is as efficient as possible and provides value for money.
- 10.9 The Board accepts the proposed reduction in funding for the Torbay Community Development Trust in 2017/2018 (£16,000) but believes that there should be more discussions and further work between the Council and the TCDT to determine what can be achieved to ensure that the TCDT is self-sustaining as envisaged in the original business case. The outcome of this work should be reported to the Board before it can give an opinion on the proposal for 2018/2019.

Community Services

- 10.10 In relation to the proposal to provide revenue funding to maintain the CCTV service in Torbay, the Board believe that the Council must be confident that the service can be maintained in the long term. Further consideration should be given to this proposal once the tenders for the replacement CCTV equipment have been received and evaluated.
- 10.11 The Board would like to see a clear protocol in place to enable communities to be involved in maintaining flower beds and green spaces within their areas.
- 10.12 The Board believe that, given the condition of the roads in Torbay, the proposal to reduce highway spend should not be implemented and the money should be used to improve the roads. Any money provided by Government to improve the areas roads should be used for that purpose.

Business Services

- 10.13 The Board believes that no cuts to the repairs and maintenance budget should be accepted and that the only savings made from utilities and premises costs should be accepted. Therefore either the proposal should be a saving of £120,000 or £30,000 of further utilities and premises costs should be identified.

10.14 The proposed saving of £300,000 in both 2017/2018 and 2018/2019 identified against the TDA should be reinstated. It is accepted that it could be reasonable that the Council reduces its contribution to regeneration by an amount that the TDA could contribute through any surplus from its trading activity.

Generally

10.15 The Board recognises that its recommendations include the reinstatement of a number of proposals and that therefore alternative savings may need to be found to reach a balanced budget. It suggests that the Mayor could consider the following areas:

- Reducing the Mayor's Events Budget
- Increasing income from the Capital Investment Fund
- Closure of the TDA's American Office

10.16 The Board continues to have concerns about the pace at which the Transformation Projects in relation to Sports and Leisure, Events and Culture, Libraries and Children's Services are being pursued. The Board has considered these areas for a number of years and little progress has been made towards making the difficult decisions which are required in order to meet the financial requirements of the Council.

Capital Plan

10.17 The Board is unable to make any comments or recommendations in relation to the proposed Capital Plan until such time as it is presented in such a way that all members of the Council are clear on what they are being asked to approve.