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Date: Monday, 01 February 2016

Governance Support
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Dear Member

COUNCIL - WEDNESDAY, 3 FEBRUARY 2016

I am now able to enclose, for consideration at the Wednesday, 3 February 2016 meeting of the Council, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
9.	Devolution for the Heart of the South West - A Prospectus for Productivity	(Pages 230 - 268)
10.	Local Government Association (LGA) Corporate Peer Challenge of Torbay Council and resulting outline Action Plan	(Pages 269 - 301)

Yours sincerely

June Gurry
Clerk

Agenda Item 9



Meeting: Council

Date: 3 February 2016

Wards Affected: All Wards

Report Title: Devolution of the Heart of the South West – A Prospectus for Productivity

Is the decision a key decision? Yes

When does the decision need to be implemented? As soon as possible

Executive Lead Contact Details: Mayor Oliver, Mayor and Executive Lead for Finance and Regeneration, (01803) 207001, mayor@torbay.gov.uk

Supporting Officer Contact Details: Fran Hughes, Assistant Director of Community and Customer Services, (01803) 208002, frances.hughes@torbay.gov.uk

1. Proposal and Introduction

- 1.1 Devolution for the Heart of the South West (HotSW) is being led by the Leaders of Somerset and Devon County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks and the Local Enterprise Partnership.
- 1.2 Our shared Devolution Statement of Intent was submitted to Government on 4 September in response to announcements in the July Budget and a deadline set by the Chancellor of the Exchequer. The Government subsequently asked partners to produce formal devolution proposals with a view to negotiating a formal deal thereafter. Partners agreed to move forwards quickly and after a recent decision to allow more time, complete a prospectus by late January 2016 with a view to subsequent Full Council approval in February, followed by submission to Government.
- 1.3 This report updates the Council on the necessary activity to date and introduces the completed prospectus (Appendix 2).
- 1.4 Any final devolution deal with government will be subject to further approval / ratification by all partners individually.

2. Reason for Proposal

- 2.1 The Council has an opportunity to benefit from devolution across a wide range of topics and services. The Heart of the South West devolution prospectus proposes benefits in the following key areas:
 - Health, social care and wellbeing
 - Skills and employment
 - Business Support
 - Resilience and connectivity

- Housing and Planning

2.2 Devolution has clear links to, and potential to enhance productivity for people, business and place and links to the council's corporate ambitions of improving prosperity and health for the people of Torbay.

2.3 These recommendations continue the approach towards securing authority to submit formal proposals and pursue solutions that help the council maximise the opportunities of devolution. They do not commit the Council to a formal devolution deal, only to make and negotiate on proposals.

2.4 At this stage of the process the Council is not required to take decisions on the detail of future service provision but rather to be actively aware and involved in discussions.

3. Recommendation(s) / Proposed Decision

3.1 That the Council endorses the Mayor's current approach to devolution and the drafting of proposals, their submission and negotiation of a deal for the Heart of the South West, namely:

Working with local authorities, National Parks and the Heart of the South West Local Enterprise Partnership to deliver full proposals for devolution which will seek a formal agreement with Government on a formal devolution deal.

3.2 That the submission of the final draft of the Heart of the South West Devolution Prospectus (Appendix 2 to the submitted report) to Government, be approved subject to any changes made to the final draft prior to submission.

3.3 That the Executive Director of Operations and Finance, in consultation with the Mayor, be authorised to make any final changes and approve the submission of the Heart of the South West Devolution – A Prospectus for Productivity to Government.

Appendices

Appendix 1: Supporting Information and Impact Assessment

Appendix 2: Devolution for the Heart of the south West: A Prospectus for Productivity

Background Documents

None

Supporting Information and Impact Assessment

Service / Policy:	Heart of the South West Formal Devolution Bid
Executive Lead:	Mayor Oliver, Mayor and Executive Lead for Finance and Regeneration
Director / Assistant Director:	Fran Hughes, Assistant Director of Community and Customer Services

Version:	1	Date:	28/1/16	Author:	Fran Hughes
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Section 1: Background Information

1.	<p>What is the proposal / issue?</p> <p>Devolution for the Heart of the South West (HotSW) is being led by the Leaders of Somerset and Devon County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks and the Local Enterprise Partnership. The aim is to move to an agreed position to open negotiations with Central government about a devolution deal for the Heart of the South West.</p>
2.	<p>What is the current situation?</p> <p>The Government has declared its desire to devolve powers and budgets from Westminster to local authorities, along Local Enterprise Partnership geographies. The Chancellor of the Exchequer is particularly interested in devolution as a driver of economic growth and reducing reliance on the public purse.</p> <p>In general, devolution is expected to support the following areas of government policy:</p> <ul style="list-style-type: none"> • Increased productivity • Skills and employment • Housing • Reducing the cost of the public sector <p>Many devolution deals are being developed by consortia of local authorities and their Local Enterprise Partnerships. The largest agreed deal so far is the Greater Manchester Devolution Agreement. Known as the 'Northern Powerhouse' this deal will:</p> <ul style="list-style-type: none"> • Join up economic growth agendas and public service reform • Health and social care integration • Devolve business support and skills/training/apprenticeship budgets • Create a directly elected Mayor with transport, strategic planning, housing development and Police and Crime Commissioner powers <p>Cornwall Council have also recently agreed a devolution deal to give them greater power and influence over business support, skills and employment</p>

	<p>support, EU funding, and health and social care integration. During tough negotiations with Government they demonstrated that an elected Mayor for Cornwall was not required for their area.</p> <p>During August, Heart of the South West Leaders agreed to produce a high-level set of ambitions stating our desire to negotiate a devolution deal with government where we would make improvements to our area in return for increased powers and responsibilities.</p> <p>The Heart of the South West Devolution Statement of Intent was submitted to Government and made public on 4 September 2015.</p> <p>The Government praised our statement of intent for its clarity and ambition and asked us to move forward swiftly to produce detailed, formal proposals and begin negotiation with them on a formal deal.</p> <p>Government's expectation is that we will submit proposals in early 2016 and commence negotiations within a few months.</p>
<p>3.</p>	<p>What options have been considered?</p> <p>At a meeting on 5 October with partners it was agreed to write our Statement of Intent by 'themes' so partners could share the load of producing detailed proposals for the final bid document.</p> <ul style="list-style-type: none"> • One Chief Executive and one Leader are leading on each theme, driving development of proposals and liaising with other Heart of the South West partners. • Each theme group will produce a 'chapter' which will be written into a single bid document for submission to Government. These themes are: <ul style="list-style-type: none"> ○ Health, social care and wellbeing ○ Skills and employment ○ Business support ○ Resilience and connectivity ○ Housing and planning ○ A governance theme will ensure that governance for the devolution deal is acceptable and equitable to all partners. <p>A Programme Management Office has overseen each chapter and maintained communications between partners. It is important to note that each partner remains responsible for their own governance processes and public/in-house communications.</p> <p>Each theme 'chapter' will demonstrate a thorough understanding of the issues and the difference that devolved powers and funding would make, including:</p> <ul style="list-style-type: none"> • A robust evidence base • A series of 'offers' to government and 'asks' from government showing: <ul style="list-style-type: none"> – Stretching targets – Demonstrable outcomes for the Heart of the South West area • Resource requirements including an analysis of costs and benefits • Impact assessments • Proven capacity and capability to deliver

	<p>The results of this development have been incorporated into the prospectus for the Heart of the South West “A Prospectus for Productivity” which has been developed to commence this negotiation with government.</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</p> <p>The devolution proposals seek to deliver priorities and targets across all parts of Torbay’s ambitions.</p> <p>Ambitions: Prosperous and Healthy Torbay</p> <p>Principles:</p> <ul style="list-style-type: none"> • Use reducing resources to best effect • Reduce demand through prevention and innovation • Integrated and joined up approach <p>Targeted actions:</p> <ul style="list-style-type: none"> • Protecting all children and giving them the best start in life • Working towards a more prosperous Torbay • Promoting healthy lifestyles across Torbay • Ensuring Torbay remains an attractive and safe place to live and visit • Protecting and supporting vulnerable adults <p>Devolution potentially covers a wide range of services and plans. The detail of these will develop as formal proposals are developed, negotiation with Government takes place, and the final devolution deal is put into place.</p> <p>The devolution proposals seek to address the challenges we face in the Heart of the South West.</p> <p>The approach is detailed in the Prospectus for Productivity (Appendix 2):</p> <ul style="list-style-type: none"> • For people: we will build on Government’s own national reconfiguration of the skills system to supply business with the skills it needs and a labour market able to deliver productivity per job and per hour at ‘Greater South East’ levels (outside Inner London). Our plans for health and care integration will support a significant proportion of our non-working population into work. • For business: our Growth Hub will enable business growth and internationalisation following closure of the national Business Growth Service. We will augment this with specific policies and initiatives to realise national priorities implicit in our Golden Opportunities. • For place: we will provide the infrastructure and housing required and make the Heart of the South West investment ready. We also recognise that much of our growth will occur in specific sub-regional economic geographies. We will plan and manage change in these sub-regions to ensure their connectivity with each other, with the rest of the country and globally. We will make sure that rural areas access and leverage these opportunities and build on

	<p>Government's</p> <p>10 point plan for rural productivity geographies.</p>
5.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Somerset and Devon County Councils, all Somerset and Devon Districts, Torbay Council, Plymouth City Council, Dartmoor and Exmoor National Parks and the Local Enterprise Partnership are all actively involved in the development of the final devolution bid.</p> <p>The whole population of our authority could be affected by a devolution deal. Any final devolution deal with government will be subject to further approval / ratification by all partners, and will require other implications and impacts to be considered at that stage.</p>
6.	<p>How will you propose to consult?</p> <p>Despite the Government's challenging timescales to date, efforts have been made to keep Members informed on the development of the proposals and this will continue going forward.</p> <p>The Heart of the Devolution Prospectus is a starting point for negotiation rather than a formal plan or strategy, therefore at this time there are no changes to council work which require public consultation. Any final devolution deal with government will be subject to further approval by all partners and appropriate consultation on delivery of the deal. Key stakeholders not already involved are being identified and engaged with as proposals take shape, including Members of Parliament.</p> <p>Throughout the development of the process Elected Members have been kept informed through the Devolution Working Party and regular member briefings.</p>

Section 2: Implications and Impact Assessment

7.	<p>What are the financial and legal implications?</p> <p>Financial Implications Until detailed devolution proposals are developed, financial implications can only be generalised. They fall into three categories:</p> <ol style="list-style-type: none">1. The Government requires devolution to be a fiscally neutral process – power over funding may be transferred but no new government money will be made available except potentially for ‘pump priming’ activity2. There is potential for savings across the public sector in the Heart of the South West and proposals are being developed with this in mind3. The Government may however attempt to negotiate additional spending by the council or other partners as a requirement of one or more parts of the final deal <p>A financial assessment will need to be undertaken before the Council ratifies any devolution deal.</p> <p>Legal Implications None at this stage. Implications will be addressed as any devolution deal is developed and agreed</p> <p>HR Implications None at this stage. Implications will be addressed as any devolution deal is developed and agreed</p>
8.	<p>What are the risks?</p> <p>There is strong competition for devolution deals and some bids are further advanced. Failure to secure a deal may affect delivery the council’s ambitions. Implications will be addressed as any devolution deal is developed and agreed.</p> <p>Key risks have been identified and are being managed with Heart of the South West partners.</p> <p>These key risks will be reviews once negotiations are underway and before the Council is asked to approve any deal.</p>
9.	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable at this stage.</p>

10.

What evidence / data / research have you gathered in relation to this proposal?

Engagement with Members and partners

Producing the formal bid has been a fast moving process involving many organisations and individuals. In order to keep Members informed and provide background information for partners, the Devolution Programme Management Office have produced a weekly newsletter for all partners as well as more detailed updates as they become available. Leads for each theme have also engaged with their key stakeholders.

Torbay Council Members have been kept informed through the Devolution Working Party meetings and all Member briefings.

Governance

At the leaders meetings a number of options for the governance of any devolution deal have been considered. No decision will be made on a governance model until the deal is agreed however, a form of Combined Authority model is proposed, subject to the nature of the final devolution deal and a formal governance review. As any deal will need to be ratified by the Council, Members will have an opportunity to consider the detail of governance at this time.

One or more partners may choose not to proceed with a formal bid. This would be unfortunate as there is strength in all partners coming on board however it is possible for a devolution deal to go ahead even if one or more local authorities choose to opt out.

Furthermore the Statement of Intent working principles include an agreement that proposals will do no harm, even if a particular proposal offers no advantage to a given area.

<p>11.</p>	<p>What are key findings from the consultation you have carried out?</p> <p>Options considered and reasons for rejecting them</p> <table border="1" data-bbox="403 338 1441 819"> <thead> <tr> <th data-bbox="403 338 928 414">Alternative approach</th> <th data-bbox="928 338 1441 414">Reason for rejection</th> </tr> </thead> <tbody> <tr> <td data-bbox="403 414 928 598">Not to participate</td> <td data-bbox="928 414 1441 598">There is significant potential benefit to Torbay through devolution which can be explored with minimal risk.</td> </tr> <tr> <td data-bbox="403 598 928 819">To submit proposals based on a different geography</td> <td data-bbox="928 598 1441 819">Government has also confirmed that the preferred geography for proposals is based on Local Enterprise Partnership boundaries.</td> </tr> </tbody> </table> <p>Both of these alternatives have also been ruled out on the advice of senior civil servants.</p> <p>There is the potential for significant benefit to Torbay through devolution and this can be explored with minimal risk.</p> <p>Any comments and suggestions from Torbay Council elected members have been fed into the development of the Prospectus through the Executive Director, the Mayor and lead council officers.</p>	Alternative approach	Reason for rejection	Not to participate	There is significant potential benefit to Torbay through devolution which can be explored with minimal risk.	To submit proposals based on a different geography	Government has also confirmed that the preferred geography for proposals is based on Local Enterprise Partnership boundaries.
Alternative approach	Reason for rejection						
Not to participate	There is significant potential benefit to Torbay through devolution which can be explored with minimal risk.						
To submit proposals based on a different geography	Government has also confirmed that the preferred geography for proposals is based on Local Enterprise Partnership boundaries.						
<p>12.</p>	<p>Amendments to Proposal / Mitigating Actions</p> <p>None currently.</p>						

Equality Impacts

13	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People with caring Responsibilities	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People with a disability	Increase opportunities for local people as outlined in the Productivity Prospectus		
	Women or men	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>	Increase opportunities for local people as outlined in the Productivity Prospectus		
	Religion or belief (including lack of belief)	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are lesbian, gay or bisexual	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are transgendered	Increase opportunities for local people as outlined in the Productivity Prospectus		
	People who are in a marriage or civil partnership	Increase opportunities for local people as outlined in the		

		Productivity Prospectus		
	Women who are pregnant / on maternity leave	Increase opportunities for local people as outlined in the Productivity Prospectus		
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	Increased through transformation opportunities for people, place and business		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Increased through transformation opportunities for people, place and business		
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	N/A		
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	N/A		



Devolution

for the Heart of the South West

A Prospectus for Productivity

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The Heart of the South West



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Executive Summary

In September 2015 the Heart of the South West (HotSW) submitted its devolution Statement of Intent to Government. After considerable further work during autumn 2015, the partners - 17 local authorities, two National Parks, the Local Enterprise Partnership (LEP) and the three Clinical Commissioning Groups - are now in a position to commence detailed negotiations with Government on a devolution deal.

Government has challenged local leadership teams to treat productivity as 'the challenge of our time'. They have asked us to do that by 'fixing the foundations' of infrastructure, skills, and science through a devolution revolution delivering long-term public and private investment.

Heart of the South West productivity continues to lag behind national productivity and is currently under 80% of the UK average. To redress this we need more, better jobs, a healthier, higher skilled labour market and new homes for our growing population.

With Government support for our proposition, by 2030 the Heart of the South West can accelerate delivery of 163,000 new jobs, 179,000 new homes and an economy of over £53bn GVA. To put this in context, this is more growth over the next fifteen years than Bristol, Birmingham and Nottingham (the three non-'Powerhouse' core cities) have delivered in the last fifteen.

To do this we will exploit and deliver our Golden Opportunities around investment in nuclear energy at Hinkley, across the peninsula in marine, aerospace, advanced manufacturing and environmental futures. We will connect our rural communities to these transformers and address the challenges of ageing and health-related worklessness with unprecedented

health and care integration.

We will take responsibility for fixing our foundations. We seek Government's support to do this through negotiation and delivery of a far reaching devolution deal for the Heart of the South West.

Our approach to delivering this transformation focuses on a comprehensive Productivity Plan:

- **For people:** we will build on Government's own national reconfiguration of the skills system to supply business with the skills it needs and a labour market able to deliver productivity per job and per hour at 'Greater South East' levels (outside Inner London). Our plans for health and care integration will support a significant proportion of our non-working population into work.
- **For business:** our Growth Hub will enable business growth and internationalisation following closure of the national Business Growth Service. We will augment this with specific policies and initiatives to realise national priorities implicit in our Golden Opportunities.
- **For place:** we will provide the infrastructure and housing required and make the Heart of the South West investment ready. We also recognise that much of our growth will occur in specific sub-regional economic geographies. We will plan and manage change in these sub-regions to ensure their connectivity with each other, with the rest of the country and globally. We will make sure that rural areas access and leverage these opportunities and build on Government's 10 point plan for rural productivity geographies.¹

¹ The Heart of the South West's economic transformational opportunities were identified and agreed in our Strategic Economic Plan, March 2014.

Cohesive, coherent leadership and governance of this transformation is crucial. We propose to establish a Combined Authority to provide leadership, supported by sub-regional delivery mechanisms so powers and resources are deployed on the scale at which our economy functions. These arrangements will develop new ways of working to address priority issues.

Our proposals build upon successful and strong business leadership through our Local Enterprise Partnership: we cannot deliver effective economic interventions without a strong business voice.

If we do not act, the Heart of the South West will not be able to contribute to the Government's ambition to meet the national productivity challenge as set out in Fixing the Foundations.

This document outlines our position and objectives. An early agreement on heads of terms for a devolution deal will trigger the start of our governance review and formulation of our Productivity Plan.



New housing across the Heart of the South West



Bridgwater Enterprise and Innovation Centre

Our Vision and Goals

Government recognises that fixing the foundations and devolution are the projects of a generation. Our key challenges are:

- An insufficiently skilled workforce and limited pool of available labour: many young people move away to live and work, rather than stay or move into our area.
- A need for more infrastructure to support our existing businesses and workers and to attract new ones. We need better and more resilient infrastructure: roads, railways, broadband and housing.
- Enabling a more effective, far-reaching support environment for businesses to sustain those we already have and make the area more attractive to inward investment and home-grown entrepreneurs.
- Managing the significant and increasing cost of health and social care, which combined with our ageing population threatens the viability of public services unless radical reforms are completed.

Productivity-led growth in the Heart of the South West will have three dimensions:

- **People:** who are healthy, with the skills they need to access higher value jobs and grow their careers.
- **Business:** more businesses creating new jobs and increasing productivity.

- **Place:** sustainable growth across the geography, supported by modern infrastructure and accelerated housing delivery.

We signalled our intention to meet these challenges with our Statement of Intent. The submission of this more detailed proposition shows how serious our intent is. We believe the proposals we have committed to developing will realise our local ambitions and make decisive, important contributions to Government's national priorities.

With Government support for our proposals we will redress our productivity gap and help us manage demographic challenges more effectively. Key outcomes we will achieve by 2030 include:

- £4bn additional in GVA for the UK economy.
- 163,000 new jobs.
- Infrastructure that supports our ambitious plans.
- 179,000 more homes, and accelerated delivery in major growth points.
- Wage levels higher than the national average.
- Additional tax revenue for the Treasury of £113million per year.
- Apprenticeship starts increased by 400%.
- Every young person in education, employment or training.
- £1bn per year welfare benefits savings as more people enter employment.
- 60% of our workforce qualified to NVQ level 4 or above.
- Faster more reliable rail services with greater capacity.
- Faster and more reliable journey times on our road network, with less congestion.
- 100% superfast broadband coverage.

The Heart of the South West has a strong track record of delivering in partnership for residents and businesses:

- Securing and supporting major national and international investment in the future of the nuclear industry at Hinkley Point.
- Plymouth and South West Peninsula City Deal.
- A total of £195.5m secured through Growth Deals – including the highest Growth Deal 2 settlement of any LEP area in the country – to deliver a comprehensive programme of projects in pursuit of growth.
- Exeter University, Science Park, Innovation Centre and Innovation Zone.
- Connecting Devon and Somerset superfast broadband.
- Three Enterprise Zones: South Yard in Plymouth to support innovation and growth in marine industries, Huntspill Energy Park near Bridgwater to support the growth of a new nuclear cluster catalysed by investment in Hinkley and east of Exeter sites aligned to opportunities in environmental sciences and big data.
- Delivery of Plymouth Science Park by Plymouth City Council and Plymouth University, now entering phase 5, creating the largest science park in the south of England.
- Better, more reliable roads, including major improvements to A303, A358, A30 corridor, M5 Junctions and A361 North Devon Link.
- The Peninsula Rail Task Force.
- Connecting communities in rural areas.
- Exeter and East Devon Growth Point.
- A high quality and thriving Further Education Sector.
- Health and social care initiatives including Somerset's 'Symphony' Vanguard project, Exeter 'ICE', Torbay's Integrated Care Organisation and 'One System One Budget' in Plymouth.

We can scale up and build on these experiences. However, without the comprehensive framework that our governance proposals will deliver, the Heart of the South West and national Government will miss out on the solutions, linkages, and effectiveness that collective leadership can achieve.

A Heart of the South West devolution agreement with robust governance structures, accelerated delivery, and more focused use of scarce resources is the optimal way for Government to assure itself that the national Fixing the Foundations plan is being proactively and consistently led and delivered across the Heart of the South West.

In this prospectus we set out our goals for 2016-2030 and how we will deliver the long-term and evolutionary work required to achieve our devolution revolution.



FlyBe Academy

National Context

Government set out its long-term ambitions for the UK economy in 'Fixing the Foundations', its productivity plan for 2015-2020. This framework outlined how long-term investment and a dynamic economy could raise productivity and lift living standards. Government's invitation to areas to propose ways that devolution could contribute to this agenda led to our Statement of Intent being submitted on 4th September 2015.

With policy developments in the autumn, and the Spending Review, Government has firmed up the financial intentions behind the productivity plan. In terms of local contributions leadership teams need to deliver an extensive portfolio of reforms:

- In skills and employment, 2016-20 will see major reforms of the post-16 and adult skills systems (both of colleges and providers on the supply side, and of loans for learners on the demand side). Post-16 Area Reviews and introduction of the Apprenticeship Levy offer opportunities to transform the delivery of local labour market skills, however the demands of transition may be acute.
- Physical investment will need to be managed in the context of higher performance expectations for planning regimes, new approaches to housing supply (especially starter home ownership) and proactive asset management at a public estate as well as local authority level. Local leadership teams will also need to play into the revision of the National Infrastructure Plan with new commitments to flagship schemes like HS2 and nuclear energy.

- As the national Business Growth Service closes by March 2016, new pressures will be placed on emerging local Growth Hubs. For innovation, local and regional Science and Innovation Audits will seek to shape national priorities as Research Councils and Innovate UK come together in Research UK with a range of new products.
- These agendas, and others, need to be delivered without diverting attention from existing commitments. These include City Deals, local Growth Deals, the European Structural and Investment Fund programmes, and other legacy programmes, such as the Regional Growth Fund, Growing Places Fund, existing and newly announced Enterprise Zones.

These agendas sit alongside, and will be enabled by, devolution and fiscal reforms and managed in the context of continued public sector expenditure constraint.

The challenge for the Heart of the South West is to shape these national priorities to our unique circumstances. We have drawn on our Strategic Economic Plan to describe the causes of our productivity challenge, identify our key Golden Opportunities and understand how to build on our track record of success.



Hinkley Point C, Somerset

Local Context

The Heart of the South West covers most of the south west peninsula. Its 1.7 million residents live in a mixture of rural and urban settings served by a stunning natural environment and rich cultural heritage.

Most of our businesses are small and medium sized enterprises (SME) employing fewer than five people, providing excellent potential for growth and innovation. We are also home to cutting edge engineering and manufacturing industries including companies of global significance:

- Aerospace and advanced engineering industries employ more than 23,000 people and contribute over £1billion to the economy. Businesses in the area also have specialisms in advanced electronics/photonics, medical science and wireless and microwave technologies.
- Analysis of the comparative advantages of our local assets has identified that the Exeter City Region can make a unique contribution by becoming a globally recognised centre of excellence in weather and environment-related data analytics. Exeter is home to the Met Office, the city leads Europe in combined environmental science, data and computational infrastructure, hosting 400 researchers in environmental and sustainability science. From 2017, it will also host the most powerful supercomputer in Europe.

- The first of the UK's new generation of nuclear reactors being constructed at Hinkley Point will deliver substantial economic benefits across the south west. It is part of our growing low carbon and energy sector and offers £50billion worth of business opportunity in the nuclear sector within a 75-mile radius of Hinkley Point.

- We are a global centre of excellence for marine science and technology, including Plymouth University's Marine Institute and the Plymouth Marine Laboratory.

- There are 30 working fishing ports across the Heart of the South West, including the two largest fishery landings in England at Brixham and Plymouth.

- The South West Marine Energy Park, the country's first, serves the wider south west peninsula, and offers direct access to superb physical assets and resources including the north Devon and north Somerset marine energy coasts for opportunities in wind, tidal and nuclear energy.

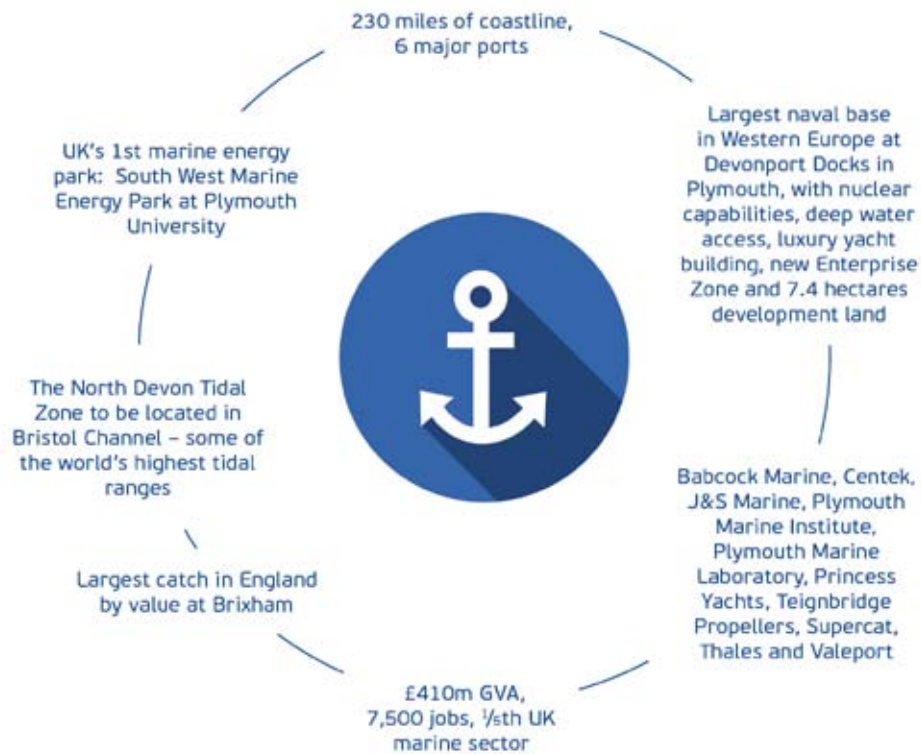
Our mixed economy also serves our traditional strengths. Our tourist and visitor economy attracts millions of visitors per year and our food and drink sector has a significant impact on national GVA (4.2% in 2011).

Whilst our largest employment sectors remain public administration, health and education, our Local Enterprise Partnership's Strategic Economic Plan recognises our area as having 'New World' potential if opportunities can be capitalised upon and the right conditions for growth created.

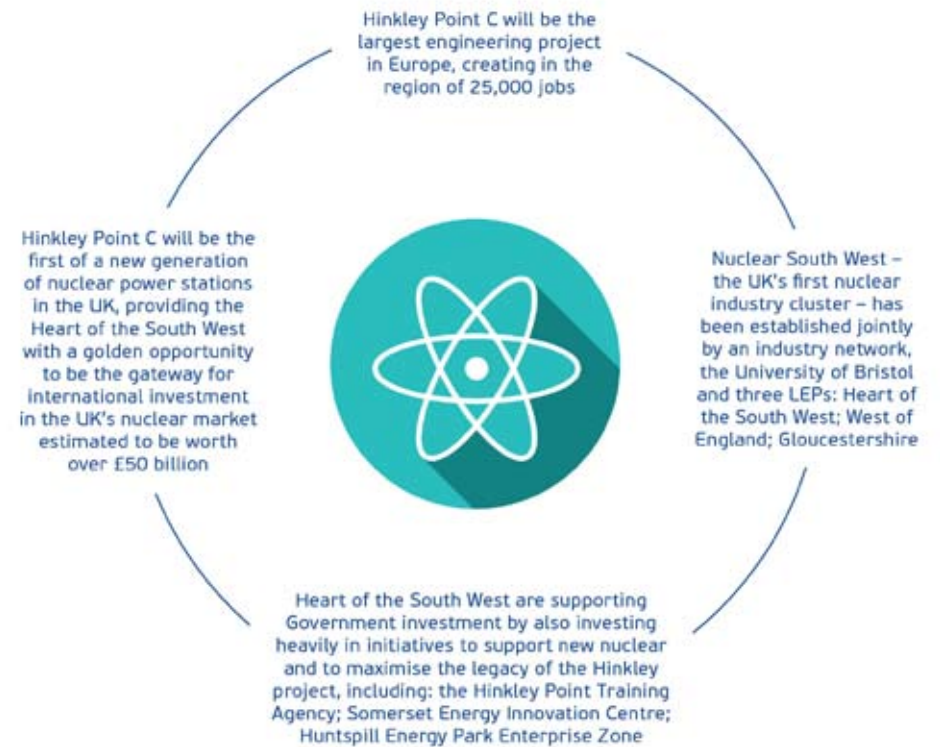
Golden Opportunities

We have identified six Golden Opportunities that we will use to drive productivity and economic growth whilst continuing to support our diverse economy and taking advantage of new opportunities as they emerge.

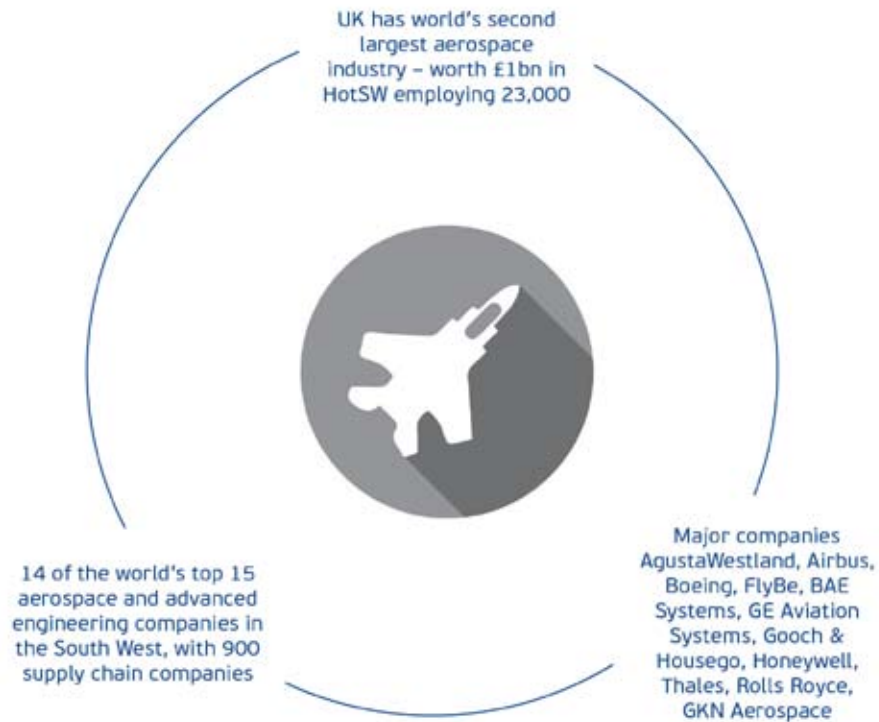
Marine



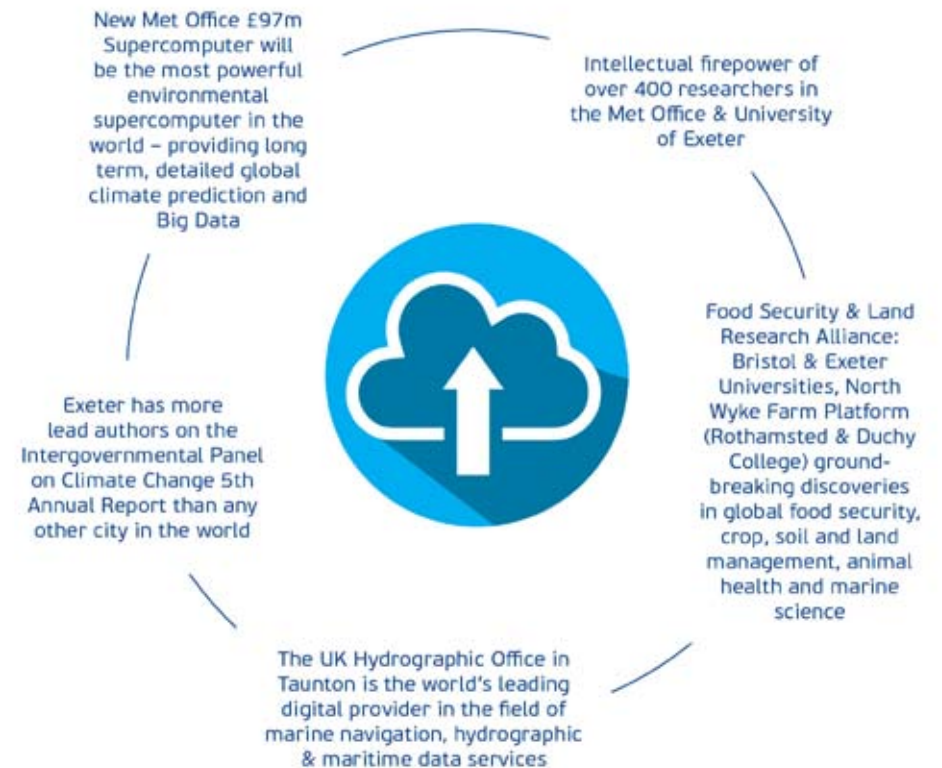
Nuclear



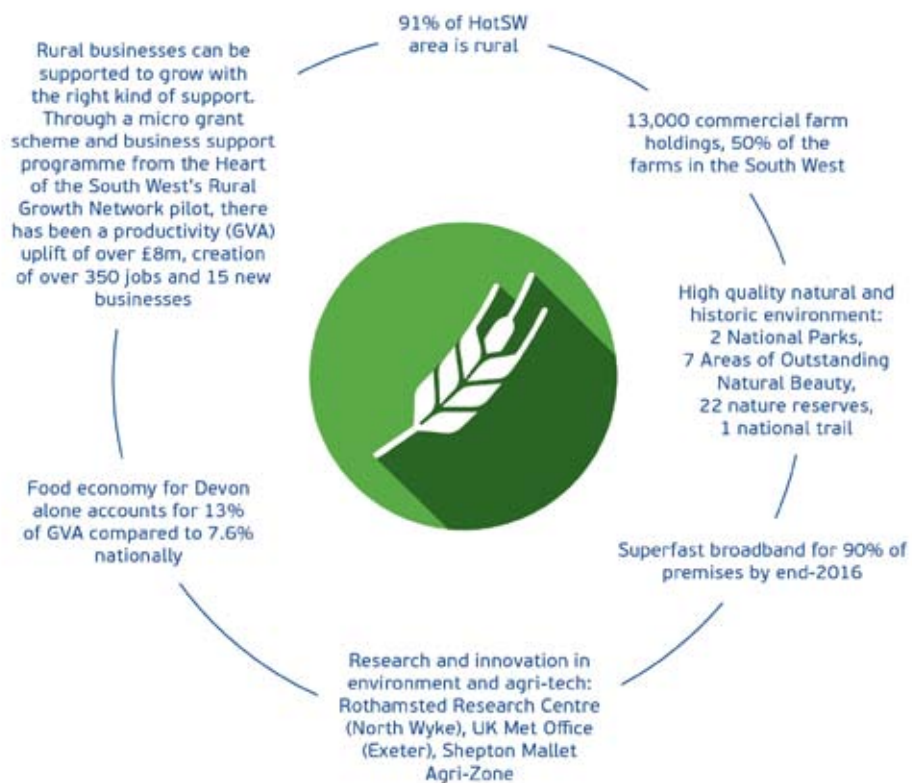
Aerospace and Advanced Engineering



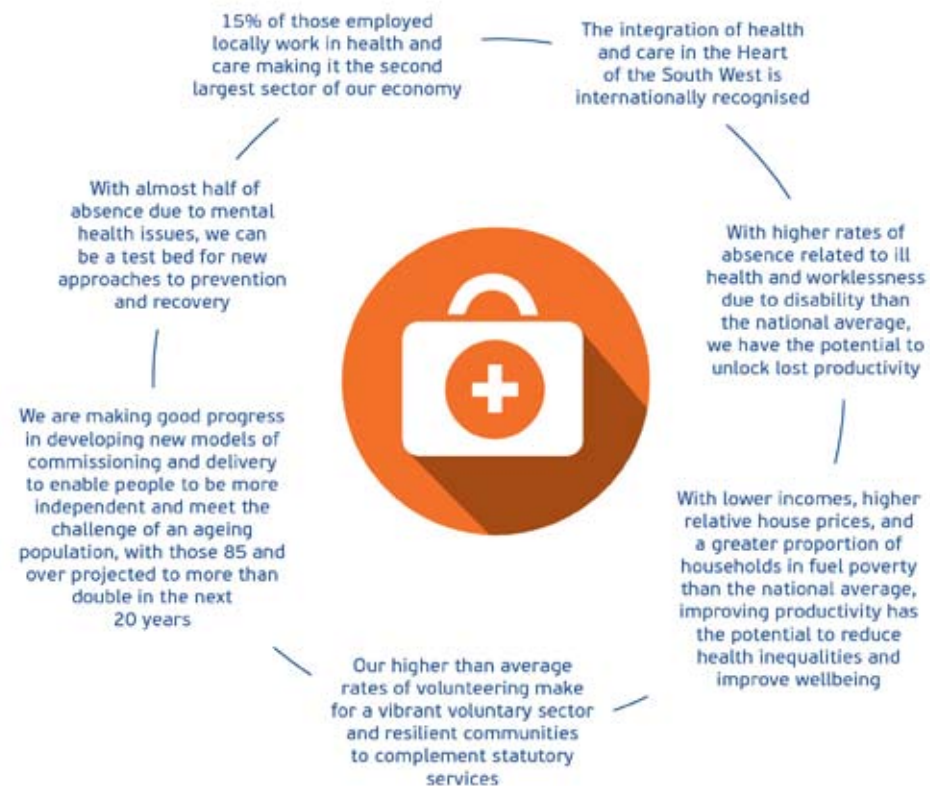
Data Analytics



Rural Productivity



Health and Care



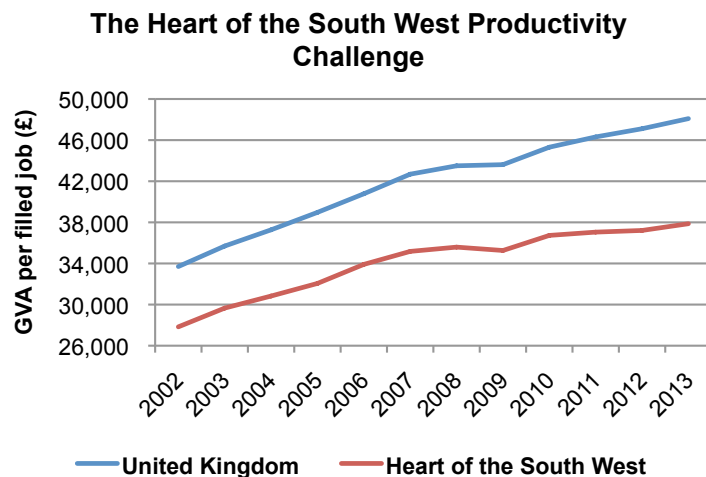
From six Golden Opportunities to six Key Challenges

Realising our vision, goals and targets requires us to address and solve six major, interrelated economic and societal challenges:

1. Our productivity is too low and growing too slowly

Whilst not uniform across the area, in 2013 our productivity per job filled was below 80% of UK averages, a fall of around 3% over the last decade. Our forecasts suggest that unless we unlock our emerging transformational opportunities our productivity will continue to lag behind the rest of the UK.

This performance is a manifestation of poor comparative skills levels, labour market shortages, insufficient infrastructure, and poor connectivity, the human and financial cost of ill-health, a lack of joined-up support for business and need for higher value industrial densities.



2. Our labour market is limited in size and skills levels

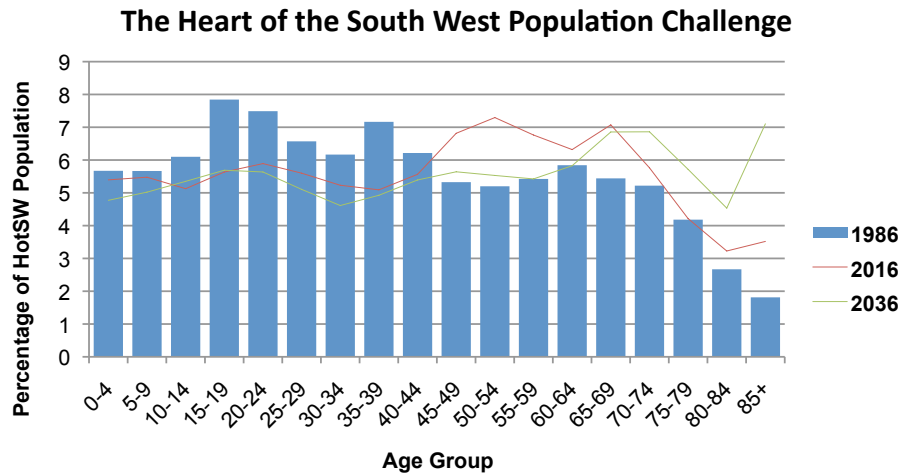
A key factor in our low productivity is a shortage of workers and a shortage of skills. Low unemployment means businesses have a limited labour pool from which to draw recruits. Higher level skills attainment is below national averages and out-migration of our talent to London and other metropolitan centres means that employers regularly report labour shortages and recruitment difficulties.

3. Our enterprise and innovation performance is inconsistent and needs to improve

Evidence shows that businesses that take up support do better than those who don't. However, the business support landscape is complex and confusing and short-term Government funding for programmes creates uncertainty. The Heart of the South West ranks 38th out of 39 LEP areas on many measures of innovation including patent registrations and Innovate UK funding. We cannot resolve these science and innovation issues without more highly skilled workers and a stronger innovation environment, particularly around our Golden Opportunities.

4. We are a leader in facing the challenges of an ageing population

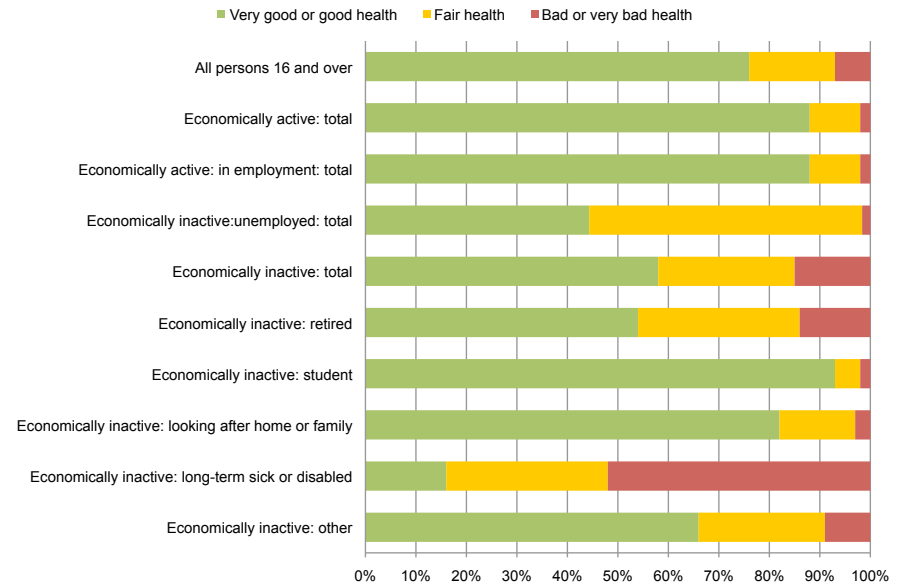
Our population profile shows a significant increase in the proportion of our residents aged 65 or over and a corresponding decrease in the proportion of working age people under 45. By 2036, 17% of our population – more than 327,000 people – will be over 75 years of age.



5. We are a leader in facing the challenges of health and care integration

Particularly related to our demography, our health and care system needs to be reshaped to meet social, economic and financial pressures. Our area performs poorly for mental health outcomes when compared to national figures, making this a key priority.

Heart of the South West Economic Activity by General Health



A healthier population means lower public sector costs and increased economic activity. To fill 163,000 more jobs we must engage the non-working population in the labour market which will require a significant health and care contribution.

Employment of people with physical disabilities, learning disabilities, mental health issues and other long-term conditions is strongly correlated with their achieving better outcomes and being less dependent on publicly funded health and care services. This represents considerable productive potential.

6. Our infrastructure and connectivity needs to be modernised and more resilient

More infrastructure especially housing, transport links, broadband, mobile connectivity and energy grid improvements are required to make our area more attractive to investors and viable for the future. Improving these conditions are key to giving businesses in our area the tools they need to compete in global markets, attract future entrepreneurs and secure investment. We must overcome these barriers if we are to capitalise on our transformational opportunities.

Fixing the Heart of the South West and our contribution to fixing the national foundations

The current landscape of funding and decision-making has only taken us so far. Despite our achievements to date we need freedom to act more decisively. A devolution agreement means we can take responsibility for our unique challenges and capitalise on our Golden Opportunities.

The dividend for the National Productivity Plan is considerable. Besides the specific metrics identified in our goals, the UK will benefit from global and national energy investments and security, environmental futures and big data capabilities, an at-scale set of solutions to health and care integration and public service reforms.

This negotiating prospectus lays out the heads of terms of an agreement to create the foundations for a transformational jump in productivity. It will deliver quick wins this decade whilst planning for the medium and long-term.

Fingle Bridge, Devon



Improvements by Rail



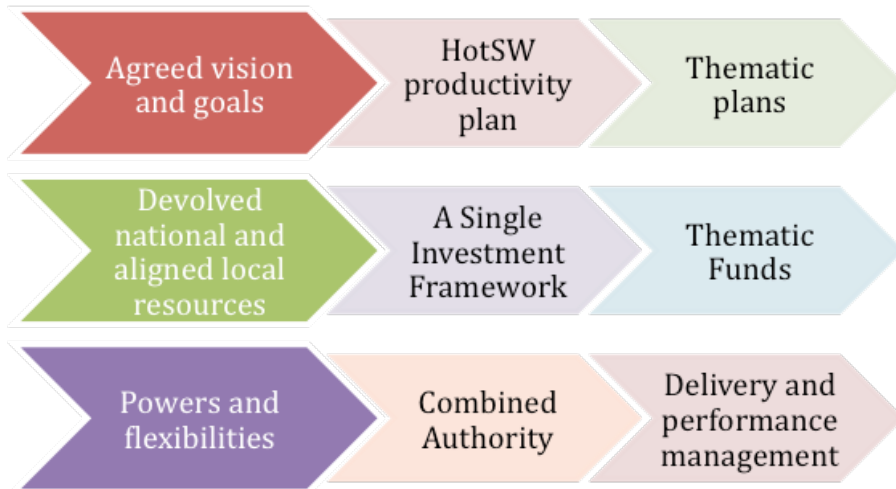
Met Office, Exeter

Our negotiating prospectus

We wish to agree with Government a shared commitment to building three pillars of a devolution deal for the Heart of the South West.

Foundation 1: The Productivity Plan

The Productivity Plan will be our instrument for fixing our foundations. It will incorporate the refresh of our Strategic Economic Plan and scale up local growth agendas for 2016-20 incorporating Spending Review and public service reform priorities. It will include proposals for our Strategic Labour Market Plan and Strategic Infrastructure Plan. It will also reflect our ambitions for integration of health and social care where they link to our devolution deal.



Foundation 2: The Single Investment Framework

The Single Investment Framework will set the financial parameters of our agreement and encompass devolved funds and locally aligned resources. It is likely to include:

1. A single infrastructure fund to provide the physical investment for backbone, nationally-significant infrastructure.
2. A housing delivery instrument to accelerate housing delivery by unlocking key sites and stimulating market activity.
3. Skills and employment allocations to enable remodelling of the skills and employment landscape.
4. Devolved health and care budgets delivering agreed business cases with NHS England and other partners.

We believe agreement to formulate these two foundations will enable early delivery of accelerated housing development, skills reform, and improved business support, with health and social care reform and infrastructure development taking place in parallel.

These two foundations will be overseen and assured by a Combined Authority arrangement. This will, once established, provide the Heart of the South West counterpart to Government for planning and management of our devolution deal. It will take responsibility for the powers, resources and deliverables outlined below.

People

A highly skilled, high productivity labour market meeting businesses' employment priorities

We are clear that without proactive leadership and intervention our skills profile will remain a chronic block to fixing our foundations and delivering our vision.

We intend to use national reforms, led and shaped locally, to deliver a labour market capable of achieving productivity at Greater South East levels (excluding the distorting effect of Inner London).

Government's expectations of local leadership teams for 2016-20 as laid out in existing devolution agreements, the 2015 Spending Review and other policies include:

- Planning and management of phased devolution of post-19 public sector adult skills budgets, leading to full commissioning and funding of providers from 2018-19.
- Chairing and facilitation of successful Area Reviews of post-16 education and training, implementation of review recommendations including reshaping provision where required.
- Co-design of apprenticeship reforms including introduction of the levy and deployment of Apprenticeship Grant for Employers.

- Co-design of future employment support programmes with DWP and performance management regimes.

The Combined Authority will take responsibility for delivering these agendas, augmented by specific asks around:

- Specification and delivery management of Careers, Education Information, Advice and Guidance in schools and colleges.
- Support from Government to deliver a wider Higher Education offer for Somerset, including a new university.

Our Offer	Our ask of Government
Responsibility for reshaping the skills and employment system. Delivered through formulation, agreement, resourcing and delivery management of a business-led Strategic Labour Market Plan.	Full devolution of powers to the Combined Authority, phased over a number of years, with relevant skills, education and employment budgets into the Single Investment Framework. Government departments and agencies to co-design and co-deliver the Strategic Labour Market Plan.

Why is this important?

Our analysis has shown:

- Young people are not getting the independent, quality careers and education advice and guidance to help them make informed decisions on their education and training.
- Employer productivity improvements are held back by shortages and lack of skills in local labour markets.
- The national provider system is poor at anticipating and securing future skills needs.
- Support for the workless is ineffective for those furthest from the labour market. Our evidence shows a distinct lack of progress for those in receipt of Employment Support Allowance despite significant investment and reform.

Key outcomes

With the powers and funding outlined above we believe a devolution deal will allow us to deliver the skilled workforce our productivity ambition requires. We will work with Government to design system reforms that deliver:

- 40,000 people helped to move from benefits into paid work.

- Benefit bill savings to Government of £1bn per year.
- Additional money earnings locally per year of £800m.
- Additional tax income for Government of £113m per year.
- All young people in employment, education or training.
- Apprenticeship starts increased by 400% and aligned to our six Golden Opportunities.
- Parity of esteem between vocational and academic pathways.
- Maximised links between Golden Opportunities and skills development to encourage young people into our area's high tech industries.
- A university for Somerset.



Babcock Training

A national demonstrator of effective health and care integration for improved wellbeing

The Heart of the South West already has well established and innovative local approaches to health and care integration, however our system continues to be under demographic pressure. We now have an opportunity to bring together resources across the public sector to deliver the systemic reform needed by the health and care system and through strong local leadership can engage communities and voluntary sector in that enterprise. We want to create a system where prevention and early intervention are an integral part and which rethinks its approach to mental health and wellbeing. In summary:

Our Key Offer	Our ask of government
Building on the NHS 5-Year Forward View, we will deliver a 'whole system' approach to health and care.	Devolution of 5-year place-based population budgets for health, care, and public health
This will include:	
Devolved commissioning of primary and associated specialist care services including mental health.	
Flexibility in regulation and budgeting, including freedom for partners to pool resources.	
Greater emphasis on public health and the link between health and housing.	
Capitation-based payments.	
Support to address skills shortages.	

Why is this important?

We want people to lead longer, healthier, more productive and fulfilling lives while ensuring the sustainability of our health and care services.

Health outcomes are generally good and life expectancy is high, but too many people develop avoidable long-term multiple conditions which affect both the quality of their lives and their ability to work. People with mental health conditions are in too many cases poorly served by a fragmented system in which there is no effective link between preventive, primary care and acute services.

Health and care is the second largest sector in our economy but productivity lags behind other areas and there are workforce and skills shortages which affect both the quality and cost of provision. These issues can only be tackled through whole-system reform and a closer matching of strategy and resources to local need.

Our ageing population demography is ahead of many other areas meaning we have an opportunity to lead the way in tackling the associated health, care and economic challenges.

Key outcomes

Devolution will help us create a health and care system that supports a healthier population, greater personal independence and wellbeing, and improved workforce productivity:

- Better physical and mental health outcomes.
- A system that is integrated and financially sustainable, offering a whole system approach, and is a test-bed for Government innovation.
- People of all ages encouraged and supported to make healthy lifestyle choices and manage their own care, therefore diverting or delaying dependency.

Devolution offers the potential for us to go further, faster, and bring reform initiatives together at a scale and with a scope that can provide a demonstrator (given our advanced demographic profiles) to health and care reforms in other parts of the country:

- The NHS 5-year Forward View and the requirement on areas to develop transformation plans for local areas.
- The financial settlement for local government, including the requirement to submit integration plans by 2017.
- Changing Better Care Fund guidance and the option to work across local authority areas to plan and deliver it.
- The 'Success Regime' applying to NEW Devon Clinical Commissioning Group and its impact on, and learning for, other health and care economies.



Improved health care and wellbeing.

Business growth and innovation

Government expectations of local leadership teams for 2016-20 includes sustaining and developing support for business growth after closure of the Business Growth Service, as well as enabling distinctive contributions to national research and innovation-led growth priorities. For us this means scaling up the reach and impact of our Growth Hub and realising the full potential of our Golden Opportunities.

To deliver this Heart of the South West partners already have primary responsibilities for:

- Operation and performance management of the Growth Hub and shaping of national agency (eg UKTI) access and support to Heart of the South West business.
- Strengthening the coherence and effectiveness of local innovation eco-systems around our Golden Opportunities - notably the marine cluster anchored by Plymouth, the environmental futures cluster anchored by Met Office investments in Exeter, the UK Hydrographic Office's long-term commitment to Taunton, the nuclear cluster catalysed by Hinkley Point C, and the broader South West aerospace cluster with its major growth node in South Somerset.

Our skills and infrastructure proposals provide a number of interventions to address these challenges. These will feed into and through the Growth Hub so our business growth and innovation strand, in summary, will:

Our Key Offer	Our ask of Government
<p>Scale up and assure a Growth Hub providing a seamless approach to business growth support.</p> <p>Strengthen a network and cluster of 'innovation eco-systems' anchored by each of our Golden Opportunities</p>	<p>An increased devolved revenue pot for at least 5 years which can draw if required on the Single Investment Framework.</p> <p>Co-commissioning of all remaining national business growth and internationalisation services.</p> <p>Commitment to bespoke agreements with national agencies to realise the UK and local growth dividends of each of the Golden Opportunities - underpinned by an early Science and Innovation Audit undertaken by a consortium of south west LEPs and universities.</p>
<p>This strand will include: Collaboration with neighbouring LEPs on a cluster approach to inward investment.</p>	



Why is this important?

Discharge of these primary responsibilities is impeded by national pressures which manifest themselves locally. Analysis shows:

- SMEs and early stage entrepreneurs find national and local systems fragmented, opaque and bureaucratic. This leads to low rates of business growth support take-up and entrepreneurial/start-up activity.
- Inward investment, internationalisation and trade, and our visitor economy are held back because the South West is perceived to be a distant periphery. Offers are poorly joined-up and we have a low national profile, and are a low priority for UKTI, VisitEngland and other agencies.
- National science and innovation products and services are not accessed consistently by existing business. Furthermore our national offer is not investment-ready so cannot easily take advantage of the potential of our Golden Opportunities.

We need more certainty of investment and freedom from national funding cycles so we can operate our proposed Single Investment Framework and ensure the right interventions are made at the right time to support our economic opportunities.

Key outcomes

Our Golden Opportunities and distinctive assets have the potential to

release major productivity gains for us and for the national economy. Business support devolution will drive productivity through:

- More businesses taking up the support they need.
 - 20% of business stock informed about business support
 - 3,000 businesses supported
 - 750 business accounts managed
 - 10 Operational Level Agreements signed between business support delivery partners
 - 360 businesses receiving intensive support
 - 36 events to co-ordinate network businesses support delivering with the aim to simplify business support customer journey
- Significantly increased levels of inward investment.
- Heart of the South West businesses competing strongly in the global economy.
- Better engagement with business and an entrepreneurial culture.
- Double the number of international tourists to the Heart of the South West and more national tourists.
- Greater levels of science and innovation in our economy: double the uptake of Innovate UK support, and increased research and development.

Place

Government expectations of local leadership teams over 2016-20 include:

- Adoption and implementation of Local Plans with demonstrable collaboration across functional economic areas to drive physical investment.
- A performance regime that accelerates housing and employment growth.
- Devolved local transport budgets and plans including both development and regulatory functions, to improve system performance locally and add value to national infrastructure investments and programmes.
- Contributions to specific national and pan-regional infrastructure priorities, including Hinkley energy agreements and recommendations of the Peninsula Rail Task Group.
- Proactive delivery management of Starter Homes, housing investment pots and local authority contributions to new housing.
- Completion of backbone superfast broadband infrastructure and increasing take-up to support the digital economy and wellbeing.
- Local authority and other public sector land disposal, development and rationalisation strategies.

Our proposals will enable us to take responsibility for delivering these agendas, including, in summary:

Our Key Offer	Our ask of Government
Establishment of an Infrastructure Commission to formulate a new Strategic Infrastructure Plan with implementation overseen by the Combined Authority.	<p>Support to develop, fund and deliver the Strategic Infrastructure Plan.</p> <p>A commitment to create a flexible funding model to support accelerated housing delivery, targeting locally identified growth areas.</p>

This will include Government commitments to:
<ul style="list-style-type: none"> • Existing and new infrastructure development, including the A361 North Devon Link, A303/A358/A30 improvements and Peninsula Rail Task Force 20-year plan. • Match funding and co-production to deliver 100% superfast broadband coverage • Use the two National Parks as test beds for integrated land management and rural productivity. • Inclusion of Plymouth on the Strategic National Corridor network.

This will include Government commitments to:

- Devolved Air Passenger Duty from Exeter Airport.
- Support to develop and sustain new energy initiatives including wind, sub-sea and grid improvements.
- A National Policy Statement for renewable energy generation in the Bristol Channel and Severn Estuary.

Why is this important?

Long-term investment in our infrastructure is critical to unlocking growth and delivering our productivity targets. Our Strategic Infrastructure Plan will set out where and when investment is required. We need to accelerate housing and employment land allocations, electronic communications for our businesses, more housing for our workers, and improved transport links to allow faster movement of our workforce, goods and services. This infrastructure underpins growth and is the key to our future productivity.

Despite recent successes we are underfunded compared to other areas. Long-term investment is vital to provide confidence for developers and to drive productivity through faster, more reliable transport and digital connectivity. Investment in resilience is essential to minimise disruption and financial loss during a crisis. There is considerable untapped resource and market opportunity for the Heart of the South West to contribute more to the energy supply of the nation. We have the potential to become a leader in low carbon energy and renewables, however current grid infrastructure is limiting deployment.

Key outcomes

To support productivity growth, infrastructure devolution will deliver:

- 179,000 new homes, and a new Garden Town in Somerset.
- Accelerated housing and employment growth in the identified growth areas of Greater Exeter, Hinkley Growth Zone, Plymouth, Taunton, and Torbay.
- Faster rail connections to London, the South East, and Midlands.
- 100% superfast broadband availability and reliable mobile phone connectivity.
- Prioritised and sequenced infrastructure projects to maximise the value of investments.
- Innovation in energy development and supply to support the national energy strategy.
- Greater resilience of our infrastructure.
- Innovative approach to environmental management, increasing productivity, improving resilience, and growing our rural economy.

Foundation 3: Towards a Combined Authority

The partners to this proposal recognise that leadership and governance of delivery of our deal will require transparent, robust, and efficient structures and processes commanding the confidence and support of Government, local communities, and business.

We also recognise Government's preferred model of choice for this vehicle is the Combined Authority (CA), with Mayoral leadership in the case of Core City Regions.

We will create a Combined Authority with appropriate strong leadership and accountabilities. We will carry out a Governance Review to identify the most effective structure and processes for putting this commitment into effect, ideally with an inception date of either April 2017 or April 2018.

The Governance Review shall draw on the principles outlined in our Statement of Intent as a starting point. The review will proceed in tandem with both the enactment of the Cities and Local Government Bill, and the progress of our devolution agreement negotiations and requirements of its effective implementation.

The Governance Review will set out the powers, roles, functions, and operational arrangements for the Combined Authority - and propose its relationships with and to key delivery partners nationally, locally and with neighbours.

At a minimum, the Heart of the South West LEP, CCGs and others as appropriate will become full non-constituent members of the emerging

Combined Authority, playing leadership roles where appropriate in its sub-structures, for example to build on the LEP's business credentials.

In addition, we consider there will be a number of collaborative arrangements that we shall wish to progress with variable consortia of South West neighbours. These may include a 'Transport South West' proposition, the in-train Science and Innovation Audit consortium with neighbouring LEPs and national clusters in areas such as nuclear, renewables energy,

Similarly, our prospectus recognises that specific sub-regional geographies will accommodate significant shares of the growth to be delivered. Bespoke arrangements to plan and manage these changes will build on or adapt existing arrangements including The Greater Exeter Group, The Plymouth and South West Peninsula City Deal, the emergent Hinkley, Taunton and Bridgwater triangle. Options for strengthening and adapting these arrangements (or elaborating new place-based governance) may include Development Corporations, Special Economic Zones, Accelerated Development Zones, or other models.

Next Steps

Delivering devolution requires careful sequencing. A high level roadmap for developing and delivering our deal is outlined below.

A Heart of the South West partners group will launch shadow Combined Authority arrangements and a formal Programme Management Office (PMO) upon agreement from Government of serious intent to progress towards a devolution agreement. The PMO will be resourced to support devolution agreement workstreams with business case and financial management capacity, including assuring fiscal neutrality.

The shadow Combined Authority and PMO will work with Government to deliver six co-produced workstreams by early 2017:

1. The Governance Review will apply the processes required under legislation to specify, agree and launch the form of Combined Authority eventually determined. This work will include the role and voice of business and sub-regional geographical arrangements.
2. The Productivity Plan will elaborate the evidence base, strategies and performance management required to deliver the vision and goals of the devolution agreement.
3. We are seeking Government agreement to establish a Joint Skills Commission to oversee national policy requirements and the process of localising these under the terms of our devolution deal.
4. The local leadership team will work with our successful health integration exemplars, NHS England, and other local, regional and

national partners to identify wider opportunities to contribute to the Productivity Plan and national health and care integration priorities.

5. The LEP will ensure existing local growth commitments are delivered effectively, that the refresh of the Strategic Economic Plan feeds into the wider Productivity Plan and that business engagement in the establishment and operation of the Combined Authority and its priorities is strong.
6. We are seeking Government commitment to establish a Joint Infrastructure Commission to firm up the physical investment needs identified in national and Heart of the South West priorities and how the Single Investment Framework will resource these.

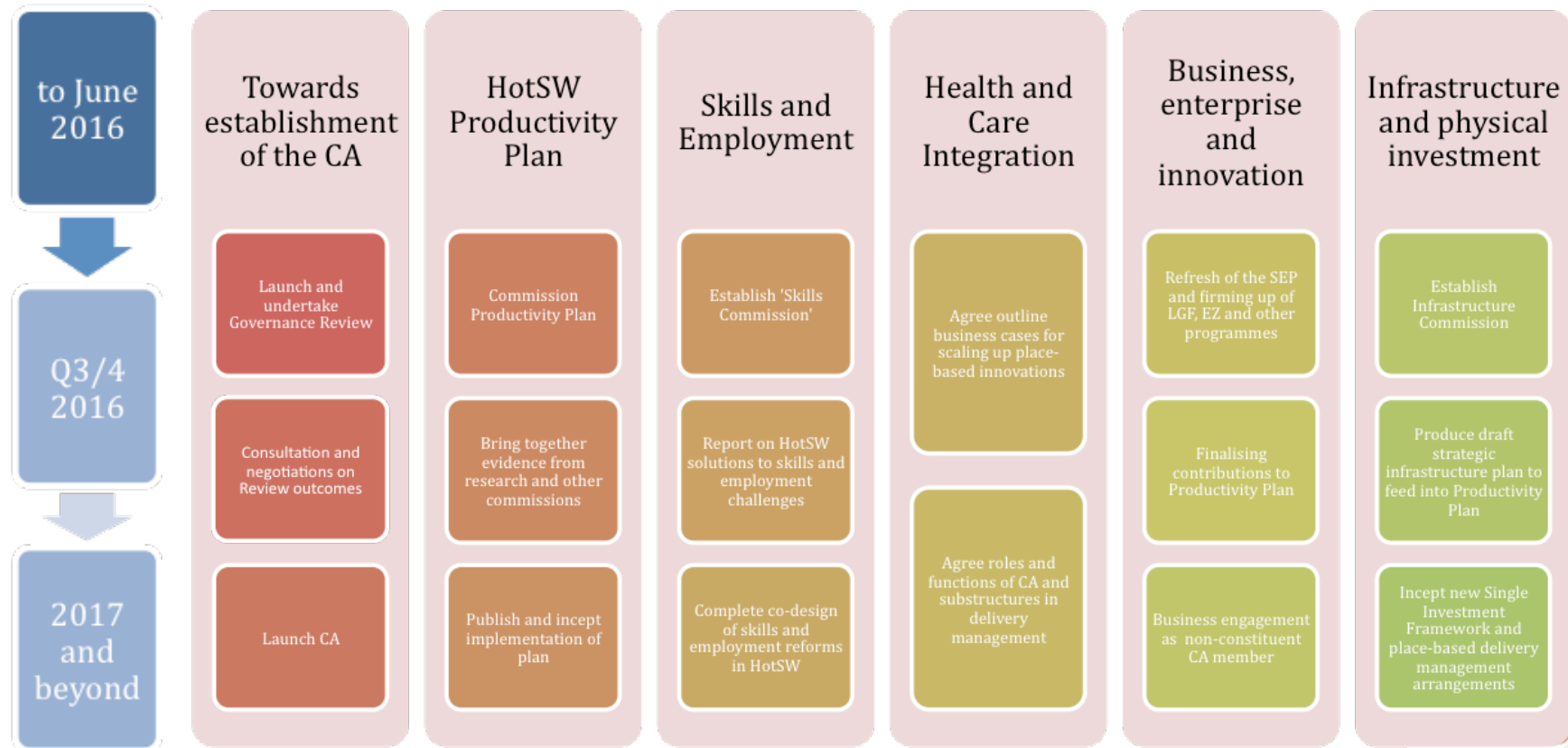
This process will allow early wins to be made, including accelerated housing development and initial skills and business support reform, whilst specifying and agreeing the structures needed to deliver the medium and long-term outcomes of our devolution agreement.

In anticipation of a positive outcome from negotiations on our deal we seek early agreement from Government on a match-funded budgetary contribution to co-deliver these workstreams.

We invite Government to begin formal negotiation with us on our proposals and the detail behind them with a view to signing a deal during the first half of 2016.

Outline Roadmap

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Royal William Yard, Plymouth





Meeting: Council

Date: 3 February 2016

Wards Affected: All

Report Title: Local Government Association Corporate Peer Challenge of Torbay Council and resulting outline action plan

Is the decision a key decision? Yes

When does the decision need to be implemented? Ongoing implementation of action plan

Executive Lead Contact Details: Councillor Derek Mills, Executive Lead for Corporate Services, 01803 843412 and derek.mills@torbay.gov.uk

Supporting Officer Contact Details: Anne-Marie Bond, Assistant Director of Corporate and Business Services, 01803 207160 and anne-marie.bond@torbay.gov.uk

1. Proposal and Introduction

- 1.1 To make available the Local Government Association's (LGA) Corporate Peer Challenge feedback report on Torbay Council.
- 1.2 The report sets out the resulting outline action plan, which will assist the Council to embrace the opportunities and improvements identified by the LGA.

2. Reason for Proposal

- 2.1 To make available the LGA's Corporate Peer Challenge Feedback Report and to enable the Council to improve.

3. Recommendation(s) / Proposed Decision

- 3.1 That the Local Government Association Corporate Peer Challenge Feedback Report (as set out at Appendix 1) and the resulting outline action plan (as set out at Appendix 2) be endorsed.
- 3.2 That the outline action plan be refined and reported as follows:
 - a) An all member/officer workshop be held, with assistance from the LGA if possible, to enable all members and relevant officers to contribute towards the development of the outline action plan;

- b) A joint member and officer working group (comprising 15 members politically balanced (11 Conservatives, 3 Liberal Democrats and 1 Independent Group) and lead officers for each of the action plan themes) be established to further refine the details of the action plan during February 2016; and
- c) The final detailed action plan be presented to Council meeting on 25 February 2016 for adoption.

3.3 That the implementation of the action plan be monitored by the Audit Committee.

4. Background

4.1 The LGA provide councils with support through corporate peer challenges. Peer challenge is a tool for assisting councils in identifying areas for improvement. The process involves a small team of local government peers spending time with the Council to provide challenge and share learning. Peer challenges are not a formal inspection and are designed to complement and add value to the Council's own performance and improvement.

4.2 The LGA undertook the peer challenge review of the Council during an on-site visit (30 November to 3 December 2015), with a focus on: financial viability; corporate capacity with an emphasis on workforce; and the effectiveness of leadership and governance arrangements.

4.3 During the visit, the Peer Challenge Team engaged with a wide range of people connected with the Council.

4.4 The Peer Challenge Team considered the following questions which form the core components looked at by all corporate peer challenges:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
4. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

4.5 At the end of their review, the Peer Challenge Team made a number of recommendations and provided feedback. The full LGA Corporate Peer Challenge feedback report can be found at Appendix 1. A draft outline action plan to respond to the LGA's recommendations has been developed and is attached at Appendix 2.

5. Way Forward

- 5.1 It is recommended that all members have an opportunity to contribute and be involved in the delivery of the action plan. Therefore, it is proposed to hold a workshop session for all members to enable them to participate in the way forward. This would be followed by a joint member and officer working group (politically balanced) to further refine the action plan during February 2016 and for approval at the Council meeting on 25 February 2016. It is also recommended that the Audit Committee provides ongoing monitoring and progress of the action plan, alongside performance and risk reporting.

6. Outline of significant key risks

- 6.1 The main risk associated with the report is the failure to continue to respond to the recommendations of the LGA Peer Challenge Team. This may result in the Council not responding adequately to the issues and challenges it faces. The resulting action plan addresses the recommendations by the LGA Corporate Peer Challenge.

7. Other options

- 7.1 Not to endorse the Local Government Association Corporate Peer Challenge Feedback Report and resulting action plan – this is not recommended as the action plan will mitigate the risks outlined above.

8. Summary of resource implications

- 8.1 The action plan will be delivered within identified resources and any additional resources will be incorporated in the budget setting process for 2016/2017

9. Consultation

- 9.1 Key partners, stakeholders, elected members, senior officers and a staff group contributed towards the Corporate Peer Challenge and met with the Challenge Team. The resulting action plan assist the Council in making improvements which will ultimately lead to better outcomes for the community.

Appendices

Appendix 1: Local Government Association Corporate Peer Challenge Torbay Council Feedback Report

Appendix 2: LGA Corporate Peer Challenge – December 2015 – Outline Action Plan

Background Documents

None

Corporate Peer Challenge Torbay Council

30 November- 3 December 2015

Feedback Report

1. Executive Summary

Torbay Council embraced the opportunity of its recent Corporate Peer Challenge (CPC) to explore fully the wide range of opportunities as well as significant challenges it faces now and into the future. We thank the political and managerial leadership, staff and stakeholders of the council for their positive efforts in doing so and believe that the CPC should become a key milestone in helping the council map and deliver its on-going improvement plans.

Perhaps the most fundamental question that was addressed during the CPC was the future financial viability of the council. The Peer Challenge team's clear and unequivocal feedback is that the council is viable now and can be in the future if it addresses some of the core issues outlined in this report. Many other councils face similar or greater financial challenges than Torbay, and are finding ways to meet them; Torbay can do so too but it will require strong, determined and purposeful political leadership.

The financial challenges facing the council are clear and pressing now and this will continue into the medium term. They will therefore require prioritised attention and pace to address and then drive to deliver the changes needed. This will require good leadership, an effective application of governance arrangements and an environment where senior officers and partners can raise issues and initiatives without fear, favour or agenda.

Everyone at the council from the Mayor, through to elected members, senior officers and on to staff and partners need a clear medium term direction to be set, a plan to achieve it and effective processes to help implement it. These are core issues of leadership and governance and ones we strongly recommend you address.

There are a range of issues about how the council strategically manages its services and addresses the expectations of its communities and key stakeholders in an increasingly financially challenged environment. For example, there is a need for the council to identify and deliver upon an anticipated funding gap of approximately £32m or 30% over the next 3 years. Aligned to this will be how the council and its partners tackle rising demand in a place where there is a higher than national average of elderly people and equally where there is a significant need to improve upon the outcomes for young people across Torbay, especially those looked after in residential care and the financial imperatives associated with this.

There are also key issues about how the council influences the shape and well-being of Torbay and its residents into the longer term i.e. a vision for the next 10-20 years. It is crucial in terms of attracting investment, garnering confidence and encouraging growth, that stakeholders are

positively engaged in designing and working with the council to develop a compelling narrative into the future of a prosperous and healthy Torbay. This will provide the 'road-map' for future priorities and plans.

The council does have some building blocks in place or developments that should help instil some of the confidence we referred to above. It is a multiple Award Winning council and has already made £50m worth of savings from its budget over the last 5 years. It is also putting in place some of its core plans for the future. There is a Corporate Plan (2015-19) and The Local Plan will be finalised in December 2015. There is an underpinning Economic Strategy and a Draft but soon to be finalised Housing Strategy.

We saw a council putting in place some admirable core values for its managerial leadership and staff and we would encourage something similar for your politicians too.

We met many truly inspiring staff members who are eager to improve life in Torbay for its residents and visitors. Underpinning the core values is an emphasis on integrity and this is reflected in a range of existing progressive and inspiring partnerships, notably your health and social care integration. Indeed we found external partners who understand the council's problems but more importantly want to help. However, currently many partners are very disillusioned by the lack of a clear common purpose and sense of direction and a feeling of being constrained rather than empowered. It is very important that you seek to engage better with partners for now and into the future.

We trust the messages in this report are clear and helpful. The spectre of "non-viability" which we encountered on the first day with the council needs to be exorcised. With that knowledge the urgent work needs to commence to set a strategic vision for Torbay and a sustainable financial plan for the council. To do so the council must tackle some critical issues. Most notable of these is the need to deliver upon its Children's services five year plan. To enable the above to happen the political and managerial leadership of the council must work in harness and with purpose, not just internally but with partners across Torbay and beyond as this is fundamental to making any tangible and sustained improvement. There are core issues to address around capacity in certain key areas, the blurring of roles, the need for clarity of purpose, actions around your governance arrangements and a renewed focus on transformation and pace.

It is the team's opinion that if these issues are owned, addressed and prioritised for action then the council has, with its partners and with on-going critical friend challenge, the wherewithal to address them.

2. Key recommendations

We have outlined our main recommendations below:

Understanding and Leadership of Place

- Develop a clear long term, high level vision for Torbay that is agreed with key stakeholders
- Develop a clear communication and engagement strategy for the above to embed it with partners and the community
- Develop and understand Torbay's place in the national and regional context

Finance

- Develop a Medium Term Financial Plan which covers the period of your corporate plan and which demonstrates how Torbay will be viable and meet the budget challenges it faces
- Ensure the delivery of the Children's Services 5 Year Plan creates a stable financial platform for the future
- Ensure robust due diligence of the decision and timing of the transfer of Children's Services to the Integrated Care Organisation (ICO)

Leadership and Governance

- Implement more effective working practices in relation to governance and especially in respect of transparency and political decision making
- Engage with an external provider for training on the constitution, and the respective roles of officers and members
- Full Council to reconsider the recommendations and report of the Centre for Public Scrutiny
- Provide peer support and mentoring for chief officers and elected members to support their capacity and provide guidance as the key changes that are required are made
- Develop and deliver an organisational succession plan so that your leadership capability and capacity issues are addressed

Capacity

- The perceived spectre of "non-viability" needs to be exorcised
- Continue to develop and deliver an organisational development and workforce plan
- Review the capacity of your political and managerial leadership to help you meet most effectively the future challenges you are facing

- Review and invest in the training and development needs of senior members and officers
- Invest in or identify through reprioritisation appropriate capacity to deliver organisational and business transformation at pace
- Establish clear plans with key targets and milestones for the delivery of your Corporate Plan

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Torbay Council were:

- Trevor Holden, Chief Executive - Luton Borough Council
- Stuart Drummond, ex-Mayor - Hartlepool Borough Council
- Cllr Alan Jarrett, Leader - Medway Council
- Chris West, Executive Director Resources - Coventry City Council
- Andy Felton, Acting Head of Transformation - Staffordshire County Council
- Sheila Smith, Director of People and Communities – North Somerset Council
- Paul Clarke, LGA Challenge Manager

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
4. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

As part of the process, Torbay Council specifically asked us to challenge their financial viability, in addition to corporate capacity with an emphasis on workforce, and the effectiveness of leadership and governance arrangements. We have addressed these within the main body of the report.

Additionally we held a very productive session with over 25 of your staff group and they raised a range of issues about the council. They recorded many strengths about working for Torbay Council and we thought it would be useful to capture these as well as a range of suggestions they also made for how the council could improve. We have summarised these very briefly in bullet form in the appendix to this report.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 4 days onsite at Torbay Council, during which they:

- Spoke to more than 180 people including a range of council staff together with councillors and external partners and stakeholders
- Gathered information and views from more than 45 meetings, a virtual tour and visits to key sites in the area and additional research and reading
- Collectively spent more than 260 hours to determine their findings – the equivalent of one person spending more than 6 weeks in Torbay

This feedback letter provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (30 November – 3 December 2015). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

The council has a good understanding of the challenges for Torbay. The economy is weak and needs growing, there are significant pressures in Children's Services, there is a higher than average and rising elderly population, affordable housing is in short supply and there are significant areas of deprivation and a range of town centre issues.

In response to the above the council is working hard with many of its partners. It has recently adopted a Corporate Plan, up to 2019 which outlines its ambitions for a more prosperous and healthy Torbay. That plan highlights a range of significant successes: the landmark development on Torquay's waterfront, the progress of White Rock Business Park, the near completion of the South Devon Link Road, the restoration of Torquay's promenade and the thriving fishing industry in Brixham.

The council will be adopting its Local Plan in December 2015 which sets in place a development plan up to 2030 with an emphasis on growth through 9,000 extra houses and 6,000 extra jobs. Both the Corporate and Local Plan are underpinned and informed by a range of core strategies and key evidence resources which all demonstrate an understanding of local place, for example the Joint Strategic Needs Assessment and the council's own Economic Strategy.

This core understanding is translated into clear priorities for action for the council and its partners and the successes that have been achieved through health and social care integration and community safety with a focus on addressing anti-social behaviour are testament to what can be achieved.

In our view Torbay would benefit from the creation and promotion of a longer term and sustainable vision for Torbay and a compelling narrative which articulates the council's and its partner's ambitions for the place. Many of the building blocks to inform this are in place and therefore now is an ideal time to really focus upon what Torbay will look like in 2030, what the environment and growth prospects are, how you will build and diversify your economy and tell a story which encourages investment and describes the ambitions that all community leaders have for 'The Bay'.

This vision and subsequent plan to deliver is important if Torbay Council is to play its full part in regional and national initiatives. For example, it should shape Torbay's engagement in its LEP and inform

what it is looking to achieve from discussions about a devolution deal with Government. It is our view that neither of these are sufficiently clear at present.

We advise that such a core task as outlined above should be created, owned and promoted by the political and managerial leadership of the council and its key partners. It would be a great advantage for the place to have one, clear and joined up plan with key stakeholders across Torbay signed up. This would provide a clear statement of intent. Such a plan should be underpinned by a robust evidence base and community/business buy-in. The Peer Review team felt that such an approach would be both inclusive and communicate a leadership style whereby all stakeholder contributions are welcomed and valued.

At present the need for purposeful political engagement with partners is not always evident and as a consequence many of your partners are frustrated. In our view the absence of the above is significantly holding the council and Torbay back. We also found inconsistent messages about priorities both within the council and across partners. Essentially what is missing is a clear and unequivocal 'read across' of priorities and as such some had greater weight depending upon who you spoke to and where they were from. We think that the consequences of this are a lack of focus, pace and impact.

There is a clear frustration among many key partners about the lack of an overall strategic plan, but at the same time a real commitment to 'the Bay', an understanding of the problems it faces, and a real desire to work with the council to improve things. This is a major strength that can be tapped into and we would urge you to rekindle your engagement from the Mayor downwards with your partners.

Our advice is to begin this work at the first opportunity. Based upon a clear strategic direction for the future you will collectively more readily grow the economy of Torbay in order to sustain services to your community. You have a core focus on tourism but as you know it will be crucial to ensure there is a broad and sustainable range of industries and services that will require encouragement to ensure a sustainable future for Torbay. As outlined already those demographic pressures are clear and growing and many of the challenges must be addressed now. Key to this is the recognition that fundamental decisions about doing things differently with less resources is a given and although this presents challenges it also provides now this real opportunity to reframe Torbay's future.

4.2 Leadership of Place

We have highlighted your wide range of partnership working and this is a real strength and if developed further can support your capacity and effective leadership of place. You have demonstrated some very effective outcomes, notably the way you, in partnership have dealt with anti-social behaviour across Torbay. This is an area of good practice that we are all taking away from the peer challenge.

Some of your leading internal stakeholders were especially commended by your partners, notably your Executive Director and senior officer team. The evidence for the impact of these relationships and effective place shaping we saw or heard about in examples of regeneration evident right across Torbay which had been led or enabled by the council: the Torquay Harbour development, Brixham Fish market, Innovation Centres, Paignton Library etc.

The council has also worked purposefully in several areas towards 'system leadership'. The shining example we heard and saw at first hand was the successful integration of adult health and social care, which dates back several years now and again, is an exemplar of good practice which is recognised nationally. Likewise your influence and responsibility for place leadership goes beyond Torbay and you are an important contributor to Plymouth's City Deal and the developing devolution ambitions across Devon and Somerset.

Our challenge to you in this section is now about taking those solid attributes and building upon them. You do have ambitions for jobs and growth and we advise you to now align these to match the bold new plan we referred to in section 4.1. We saw this as that core 'golden thread' and evidence base where you have a narrative of what Torbay will be like in 20 years, you describe what you will do to enact that and then have clear plans to deliver against them. Once that vision is in place you can readily wrap your Corporate Plan, Local Plan and key strategies for Housing and Economy around this and then set in place realistic delivery plans with key targets outlined and a performance culture that will see this through.

We encouraged you to help develop just one overarching Torbay Plan supported by an effective strategic partnership forum so that as one external stakeholder told us 'You have all the key players in the tent at the same time.' You can then build upon your partnerships strengths and work with purpose on your approaches to amongst other things: social housing, Business Improvement District plans, health and well-being and being engaged with the Local Enterprise Partnership with a clear mandate.

The council's Corporate Plan and the Mayor's manifesto promises which are contained within it give you a good opportunity to present that increasingly needed system leadership in a shrinking public

sector environment across Torbay. Those promises such as being a place where town centres are revitalised and thrive to build economic prosperity, where inequalities of health, wealth and opportunity are addressed and where you celebrate and champion the diversity of your population and every individual, organisation, business and community is encouraged to play an active role in the life of Torbay are all or should be deliverable through effective partnerships.

We believe you need to work hard and relentlessly now to demonstrate that your political leadership is genuinely engaging with partners and that the council is not seeking to micro manage or take control. In our short time with you we saw some strong partnerships but equally issues of real concern. We and some of your partners saw you as somewhat introspective and demonstrating to some extent as one of your external stakeholders said a 'victim culture of a cash strapped council' where things were done to you. As we have outlined at the start of this report you can be financially viable, you do have a good partnership foundation and you do have ambitions for place. Our challenge is be more bold and put Torbay on the map on a regional and national stage.

4.3 Financial planning and viability

Torbay Council has in recent years chosen to freeze council tax and take the grant on offer from central government. In the last five years the council has also made savings of over £50m. The council has done well to make the savings required and balance its budget but the next 5 year period will test it significantly as its financial resilience has been steadily reduced.

As a place Torbay faces significant financial challenges, some of which are specific to its geography, size and local economy but some have also been exacerbated by a significant increase in the number of and spend on looked after children for whom the council is responsible. As such the council has been overspending against its set budget in this area in particular and that is not sustainable.

Additionally, challenges around demography, deprivation and service performance are not unique to Torbay and many other unitary and metropolitan authorities around the country are equally grappling with such issues. You need a clear focus on your service and finance issues in children's but beyond that we all saw a council with very similar challenges to the ones our Peer Challenge team encounter all the time. Our clear message is that you should be able to tackle these matters.

We spent time during the CPC with the council's external auditors. They reported no major concerns to us. Furthermore the Mayor and the Executive Director have confidence in the s151 officer. Additionally, during our four days with the council, where we spent some considerable in depth time considering the council's finances we have no concerns about the technical skills and capability of the finance team.

It is important to report here that despite the issues above the council has always balanced its overall budgets to date and is out to consultation on a balanced budget for 2016/17. As such our considered view is that the council should be financially viable over the short to medium term. This is a key and resounding message from this peer challenge and one that the council really needs to galvanise itself to first acknowledge, accept and act upon with renewed purpose to make sure it remains viable into the longer term. This does not diminish the significant challenges that will be required to remain financially viable but those challenges are about setting a clear political direction and enabling your officer team to deliver against it.

In our short time we provided the s151 Officer and the Executive Director with suggestions on a range of ways that they might achieve savings in the medium term. Our strongest advice is now reserved for the Mayor, his Executive Leads, council members and senior officers and it is that they now need to consider a wider range of options to secure their financial future. These would include how the council deals with asset sales and associated developments, how it prioritises, commissions, procures and delivers services and how it works with partners. We believe the council should be both strategic and forensic in its approach and as one internal stakeholder said 'Everything should be on the table'.

There are deep rooted and long standing issues in the financing of children services in Torbay. A number of key stakeholders reported to us that they were not convinced that the financial objectives in the Children's Services 5 year plan are achievable. It is our considered view that stabilising Children's spend at a lower but sustainable level is critical and this must be urgently addressed and thereafter be kept under the closest of scrutiny. This would, of necessity include monitoring of thresholds, gatekeeping, care planning and levels of risk. Furthermore, we know there are medium term plans to move children services into the Integrated Care Organisation. In our view there are significant financial and operational risks associated in doing this prematurely and we would advise that this should only be done when it is clear the plan will be delivered and spend stabilised at manageable levels, i.e. it has passed those key due diligence tests.

Given the intention to make this move within the next 2 years it is self-evident that this is a key recommendation.

We spent some time looking at your financial capacity and despite the good level of technical understanding within the finance team and especially the expertise of the relatively new s151 officer we do have some concerns about the structures for financial management in Torbay. As we have described the medium term strategic financing of the council will require significant input from the Executive Lead of Finance and the Chief Financial Officer. In our view the political portfolio for finance is going to occupy a lot more time going forward, requiring greater focus and capacity, and therefore its future positioning is a critical consideration.

For historical reasons finance staff in Children's services have been managed separately to the remainder of the council's finance team but we seriously question the validity of this going forward when the delivery of the Children's 5 year plan is mission critical to the future of the council overall. Furthermore, as you develop into more of a commissioning organisation and your services are delivered via a range of delivery mechanisms we would also advise you have finance expertise on behalf of the council represented on you key partnership and commissioning bodies.

We read a 200 page document which gave detail of the delivery of savings and changes around financing for the forthcoming period. However, there was no one place where this was summarised into a clear and straightforward document that everyone either at a senior political and very few at officer level in the council could understand and most importantly take responsibility for. The complexity of detail within the budget papers virtually makes it inaccessible to the community, partners and staff. We would advise that you produce such a summary and use that to begin to dispel the myth that you are not financially viable, because you are or more importantly with clear political and managerial will you should be.

It is crucial you now have a sustained focus on the council's finances and we believe you would benefit from a single transformation programme to deliver the savings and change initiatives. This does not need to be a new or separate change programme of itself, it can and should be mainstreamed and in our view the Senior Leadership Team for the council should be the Programme Board and the Children's Services 5 year plan should be one key element of that corporate Transformation plan. Torbay's overall financial health is inextricably linked to reducing costs for Children's Services.

In the long term, Torbay needs to plan to become financially self-sustaining. You should start as a bare basic with a 3-5 year medium

term financial plan. However, we would also draw your attention again to developing that longer term vision for the place underpinned with a coherent economic plan that will drive business rate growth and reduce dependency on services. Aligned to this is the need for a Housing Strategy that will deliver homes, council tax growth and for the present at least New Homes Bonus. Finally we would also encourage you to look afresh at how you might best enhance your commercially driven Tourism strategy as this is a prime opportunity for you to drive further revenues for the Torbay and the Council too and as part of that consider a range of trading options. This advice is absolutely consistent with our view on the need for one long term plan for Torquay

4.4 Organisational leadership and governance

You had local elections in May 2015 and therefore very recently elected a Mayor for the next four years. As already outlined the Mayor highlighted in the Council's Corporate Plan for 2015-19 a range of manifesto promises. These promises and the Mayors mandate are clear.

We saw examples of some positive member-officer relationships within the council and we would strongly encourage you to build upon these where and whenever you can. Furthermore, we heard time and again about your good and personal relationships within and beyond the council and again we would encourage you to build upon that strength and the real potential there is in being as one internal stakeholder called the council a 'nimble unitary authority.'

We were very impressed with the purposeful way you are embedding core values into and across your staff group. You are developing a mantra of being adaptable, forward thinking, people orientated and working with integrity. It will be important to hold true to these values, test their application and reinforce them through the actions of your senior officers and indeed members too as we would strongly encourage them from the Mayor downwards to demonstrate those same values and behaviours.

You were keen to take on the opportunity of the Corporate Peer Challenge and you specifically asked us to comment upon your financial viability, leadership and governance and capacity. As such it's clear that you are opening yourself to external challenge and if you act upon that it is clearly the sign of a developing 'Learning Organisation'.

You underpin your progressive values with some key processes. You have monthly member cross party briefings and we saw that you are

developing positive approaches to encouraging more staff engagement and better internal communication. Indeed we are very happy to report that we saw real staff engagement and met people who had pride in working for the council.

Importantly, we spent time before and during the peer challenge reviewing your constitution, which is based on the model one. We are happy to report that in our view you have a very workable constitution. As such it is doubly important that both members and officers understand the constitution and work within it.

There are issues that will have a direct impact upon your leadership and governance in the short term. Specifically, in May 2016 there will be a referendum about your future governance model from 2019 and beyond, essentially a choice between a mayor or a leader and cabinet. Increasingly this will take time to plan and prepare for and then respond to once the outcome is known. You need a clear plan to manage this.

Although we reported that we saw some positive member and officer relationships we also saw member and officer roles and responsibilities which in our view were blurred in practice and this needs addressing.

We highlighted three core areas in our feedback to you which we strongly encourage you to focus on going forward:

- Members should focus on policy and strategy
- Officers should provide advice and manage services
- The 3 statutory officers have a clear responsibility to advise members, enforce standards and maintain boundaries

We found different levels of understanding around how to maximize the benefits of your constitution and governance to drive improvement. There were some very basic misunderstandings and to an extent myths around process. You also have a range of new members and executive leads just beginning to establish themselves and they will obviously benefit from support. The role of the Chairman as you review your arrangements will have a significant influence and that will benefit from being reset and thereafter maintained. It is important that you revisit your constitutional processes and ensure everyone is crystal clear how it should operate in practice and who has or should have delegated powers both politically and managerially.

As part of the above we would strongly encourage officers to present issues without fear, favour or agenda and for members to endorse this. Furthermore we would also suggest you spend time reviewing a

range of issues that were reported to us, for example, how you were managing perceived conflicts of interests amongst all councilors, from the Mayor downwards or how you ensured effective reporting back to full council from members who were on representative boards etc. It is very important that all councilors are clear about their responsibilities and decision making powers. This will only serve to improve your decision making and transparency.

We heard that you had commissioned with external funding an external review of your Overview and Scrutiny arrangements and indeed we read, what on the surface appeared to be a very coherent report with specific recommendations. We understand that this was reported to full council and we would advise you to revisit the recommendations, especially in the light of our comments on governance and decision making, and consider how such changes might improve the working practice of your constitution.

You have understandably undergone a number of changes and restructuring of your senior management in the last year or so. In truth you have managed to reduce your senior leadership team from 28 to just 9. This has been necessary and we completely understand the reasons why you undertook those changes. The milestone of this peer challenge would be a good time to reflect upon the outcomes you have achieved through these changes and consider whether you have capacity issues in any critical areas going forward, essentially in the areas which we have identified as recommendations in this report and particularly in relation to leadership and governance.

Overall you have seen a significant shrinking in your workforce in the last 2-3 years. In our view you people management policies and practices have not kept pace and this has sucked capacity from your transformation plans. We are clear that you are addressing this now and are putting in place more rigorous approaches to people and performance management but this really does need a focus and a strong 'golden thread' tie in to your corporate plan and new core values.

Earlier in this report we referred to you as somewhat introspective. Frequently we heard from a range of stakeholders you were small, unique and very different. Our team hailed from very different places across Local Government but in truth we recognised many of the challenges you face as ones we do too. As such we would also advise you to look beyond Torbay as you build your capacity. As part of this we believe you would benefit from some extended critical friend challenge and support to help you with your leadership and partnership opportunities.

4.5 Capacity to deliver

We have highlighted very favourably your developing approach to employee engagement. We have raised several times in this report the very strong sense of pride your staff have in the council and Torbay and how dedicated they are to improving outcomes for citizens.

You also have a good track record for gaining external funding and partnership buy-in. Two great examples we will take away with us from the challenge are the Integrated Care Organisation and the excellent opportunities you have engineered and benefited from through the Children's Innovation Fund work on SWIFT.

We have also reported on a range of good examples of transformation delivering efficiencies through procurement and commissioning, notably adult social care and how you have created both enhanced capacity and capability to deliver a range of key strategies through more flexible delivery models.

There are areas that we believe you now also need to build upon which will enhance further your capacity to deliver. First and foremost is the need, of which you are both aware and acting upon to develop clear delivery plans arising from your corporate plan. These delivery plans need to be established in the short-term.

We saw and it was reported to us many times that you are using a disproportionate amount of your own leadership, management and partner capacity on governance and relationship issues. This time is being absorbed in part due to the misinterpretation of the existing governance framework. This, as already highlighted is an area that will require significant attention and will be an acid test for you.

We do believe there are capacity issues within your political and managerial leadership that will be important to address. We have made reference to the credibility of the Executive Director and his senior managers with partners. Equally we have referred to the Mayor's mandate and the appointment of a range of new Executive Leads. However, alongside this we have also highlighted a range of issues that will require significant attention: vision, economy, financial viability, transformation, core areas such as adults and children's services etc. You have made conscious decisions to reduce your headcount, the nature of posts within your senior team and also whether they are full or part time. Your Constitution also lays out the roles and responsibilities for the Mayor and his executive leads. Given the range of issues we have referred to we would suggest you review your existing arrangements in respect of these and question yourself

afresh as to whether you have sufficient capacity in the core areas politically and managerially that we have highlighted in this report.

We fully endorse the message that transformation is everyone's business and should be mainstreamed. However, we did feel that you were underestimating the extent to which that transformation requires both capacity and specialist capabilities to successfully deliver at pace. We heard from more than one stakeholder that "change is an 'add on' to peoples roles".

Your existing HR system and processes are "off the pace" and perceived as a barrier to transforming. We know you recognise this and work is in progress to address it and we would encourage you to expect 100% reporting on some key elements of effective people management, for example that everyone in the council from the Executive Director down has an appraisal and that people are held to account if this is not the case.

It was reported to us that some officers and members often take an introspective view of Torbay, with only limited evidence of using wider peer networks and support to expand knowledge and ideas. This is an area that we feel you could more readily engage in.

Finally, you do undertake member training and that is positive but this now needs to evolve rapidly into effective Member development, i.e. an emphasis on practice as well as learning. You have a range of new or less experienced Members and they need to be given good opportunities to learn and grow into their roles.

5. Next steps

Immediate next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Andy Bates, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Andy's contact details are: Tel 07919 562849 andy.bates@local.gov.uk

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this letter to help inform your ongoing consideration.

Follow up visit

You have already asked if members of the peer challenge team would revisit the council in January 2016 and work with you to: present the findings of the report to a wide range of stakeholders and work with the council and them to initiate an action plan to help you begin to implement the recommendations from the peer challenge. This is very positive.

Likewise the LGA is committed to supporting your improvement plans for the longer term and will work with you as a critical friend and challenge to help you review progress against that plan over the next 12 to 18 months.

Appendix

Staff feedback and recommendations

As part of our workshop we asked the staff members present to highlight the areas which the council did well. Some of the suggestions we have listed below

- Partnership working
- You are an adaptive and resourceful council
- You are good at problem solving and being creative
- You have good internal communications
- Your core focus is on customers and clients
- You pride yourself on taking care of staff within financial constraints

Likewise we also asked for suggestions that the council could do differently or better to improve and again some of the suggestions we have listed below

- Quicker decisions
- Set a 3 year budget
- More effective use of technology
- Be more commercial
- Improve member and officer relationships (demarcation)
- Be clear about priorities and non-priorities
- Members facing up to the real challenges of Torbay
- Learn more from other places
- Develop a unified purpose
- Improve our public perception
- Be 'one' council
- Improve some of our processes
- Core focus as a commissioning council
- Empower staff to 'just do'
- Need to focus on growing Torbay



LGA Corporate Peer Challenge – December 2015

Outline Action Plan Draft V2 – 19 January 2015

Purpose:

The Council undertook a corporate peer challenge with the Local Government Association (LGA) in December 2015. The main focus of the challenge was to review the strength of Torbay’s financial planning and viability, along with governance, leadership and organisational capacity. The LGA Peer Team explored the core components underpinning the features of good performance, including how well the Council

as:

1. Understanding of the local place and priority setting
2. Leadership of place
3. Financial planning and viability
4. Organisational leadership and governance
5. Capacity to deliver

This action plan sets out the Council’s proposed response to the LGA Peer Challenge’s recommendations, together with a tool by which to monitor progress.

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
	Understanding of the local place and priority setting/ Leadership of Place					
1.	Facilitate an effective Strategic Partnership Forum	Work with stakeholders to develop proposals	TBC	TBC	TBC	
2.	<p>Work with the Strategic Partnership Forum to develop a clear long term, high level plan/vision for Torbay, with a compelling narrative which articulates ambitions and is agreed with key stakeholders.</p> <p>Develop a clear communication and engagement strategy for the plan/vision to embed it with partners and the community</p>	<p>Creation of vision for Torbay (what Torbay will look like in 2030):</p> <ul style="list-style-type: none"> - created, owned and promoted by political and managerial leadership and key partners - Underpinned by robust evidence base and community/business buy-in <p>Creation of communication and engagement strategy</p> <p>The Council will have been successful in its endeavours in this respect if shows system leadership and is considered by others to be working more effectively, valuing, embracing and empowering them.</p>	TBC	TBC	TBC	

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
3.	Develop and understand Torbay's place in the national and regional context, and then champion Torbay.	Understand what Torbay's USP(s) are. Identify where we sit regionally and develop proposal/plan for championing Torbay, regionally and nationally.	TBC	TBC	TBC	

DRAFT

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
Financial Planning and Viability						
4.	<p>Urgently develop a Medium Term Financial Plan, covering period of Corporate Plan (four year). The MTFP to demonstrate how Torbay will meet the budget challenges it faces, including;</p> <ul style="list-style-type: none"> - Asset sales and associated developments - Working with partners - Solutions inside and outside of Torbay 	<p>Develop four year plan for saving and investment</p> <p>Develop efficiency plan.</p>	TBC	TBC	TBC	
5.	<p>Creation of a single Transformation Programme to deliver savings and change.</p> <p>SLT should be the Programme Board for the Transformation Programme. The Children's 5 year plan should be one key element of the Programme to ensure it creates a stable financial platform for the future.</p>	<p>Project Mandate and Project Initiation Document to be developed with lead manager and resources to support</p> <p>Budget to be allocated to deliver transformation projects</p> <p>SLT agenda and membership to be refreshed</p>	TBC	TBC	TBC	

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
6.	<p>Children's budget – need to urgently stabilise spending, but at a sustainable level.</p> <p>Ensure robust due diligence to the decision and timing of the transfer of Children's Services to the Integrated Care Organisation (ICO)</p>	Sustainable budget to be identified including monitoring of thresholds, gate keeping, care planning and levels of risk.	TBC	TBC	TBC	
7.	Review Asset Management and disposal plan	Identify proactive programme to dispose of assets or alternatively maximize future revenue from such, with at a greater scale and pace Review Asset Management Strategy	TBC	TBC	TBC	
8.	Develop a coherent economic vision and plan that will drive business rate growth aligned to Housing Strategy to deliver homes for council tax growth and New Homes Bonus	<p>Draft new economic strategy</p> <p>Including housing growth</p> <p>Need Transformation programme linked with driving business rate growth and housing growth.</p>	TBC	TBC	TBC	
9.	Develop a commercially driven Tourism Strategy	Draft new Tourism Strategy and identify opportunities to drive revenue benefits for the Council	TBC	TBC	TBC	

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
10.	Ensure portfolio for Finance has sufficient capacity to provide greater focus and capacity for the future	Mayor to review Executive Lead arrangements	Mayor	TBC	TBC	
11.	Review structures for financial management, to incorporate Children's finance staff and provide sufficient Council financial expertise on key partnership and commissioning bodies	Review structures with Financial Services	Anne-Marie Bond	TBC	TBC	
12.	Produce summarised and straight forward document for budget savings to ensure accessibility	Review budget documentation	Martin Phillips Anne-Marie Bond Cllr Mills Cllr Lewis Cllr Tyerman	TBC	TBC	

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
Organisational Leadership and Governance						
13.	Undertake training on the constitution and the roles and responsibilities of Officers and Members	Delivery of training	LGA	TBC	TBC	
14.	<p>Undertake a review of the decision making process, including;</p> <ul style="list-style-type: none"> - Review adequacy and effectiveness of the Policy Framework - The role of Overview and Scrutiny and the CFPS recommendations - Member and Officer roles and responsibilities - Member and officer relations - The presentation of issues to members without fear, favour or agenda - Transparency - Records of Decision - Consider effective reporting back to full council from members on representative boards 	Review to be undertaken, and members and officers trained appropriately.	TBC	TBC	TBC	

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
15.	Embed core values adopted for staff and reinforce them through actions of senior officers Encourage members to demonstrate same values and behaviours	Review work undertaken to date and plan programme to ensure values are embedded throughout the Council. Governance Support to work with Members to share staff core values and develop proposals for members	SLT and HR Mayor and Group Leaders	TBC	TBC	
16.	Plan and prepare for Governance Referendum. Ensure outcome does not impact on functioning of the Council.	Plan for Referendum. Engage with all members and the community post referendum	Governance Support Manager	TBC	TBC	
17.	Review approach to managing perceived conflict of interests	Members to individually review their interests and potential for perceived conflicts of interests.	All members		None	
18.	Risk and Performance framework – ensure it is effectively rolled out, and adding to the ‘business’ of the authority.	Review Framework	TBC	TBC	TBC	

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
19	Provide peer support and mentoring for chief officers and elected members to support their capacity and provide guidance as the key changes that are required are made. Officers and members to engage in wider peer networks to support and expand knowledge and ideas	Identify members and officers to receive peer support. Identify wider peer networks and opportunities to support and expand knowledge and ideas.	LGA	TBC	TBC	
20.	Continue to develop and deliver an Organisational Development and Workforce Plan. Develop and deliver an organisational succession plan	Continue with preparation of Workforce and Organisational Development plan. Succession plan to be formulated following completion of Workforce plan	SLT and HR Cllr Mills	TBC	TBC	
Capacity to Deliver						
21.	The Council needs to communicate as to the need to urgently prepare an efficiency plan and make difficult decisions, whilst being clear that the Council is sustainable in such circumstances	Development of communication strategy	Transformation Board	TBC	TBC	
22.	Invest in capacity to deliver organisational and business transformation at a pace	Review structure	Executive Director and HR	TBC	TBC	

No.	Recommendation	Action	Lead Member/officer	Target Date	Resources required	Progress Update
23.	Review and invest in the training and development needs of members with an emphasis on leadership, practice as well as learning	Review Member Training and Development Programme	Members' Development Group/ Executive Director/MO/Governance Support Manager	TBC	TBC	
24.	Review and invest in the training and development needs of senior officers	Review training and development needs of Senior Officers	Executive Director and HR	TBC	TBC	
25.	Appraisals for all staff, Chief Executive down.	Undertake appraisals	Anne-Marie Bond and HR Cllr Mills	TBC	TBC	
26.	Ensure HR systems are up to date and provide effective reporting on key elements for effective people management	HR system currently being built to ensure it provides effective systems and reporting – review to ensure it will provide necessary reporting	Anne-Marie Bond and HR Cllr Mills	TBC	TBC	
27.	Establish plans with key targets and milestones for the delivery of the Corporate Plan	Corporate Plan Delivery Plans to be approved by Full Council Effective Performance and Risk monitoring against the delivery plans.	Anne-Marie Bond Audit Committee	TBC	TBC	

Endorsement by: Council Meeting on 25 February 2016
Implementation monitoring by Audit Committee