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Dear Member

PRIORITIES AND RESOURCES REVIEW PANEL 2019/20 - MONDAY, 26 NOVEMBER 2018

I am now able to enclose, for consideration at the Monday, 26 November 2018 meeting of the Priorities and Resources Review Panel 2019/20, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
4.	Torbay Coast and Countryside Trust Briefing paper circulated at the meeting.	(Pages 13 - 21)

Yours sincerely

Kate Spencer
Clerk

Briefing for Overview and Scrutiny Committee 26th November 2018

Regarding the proposed reduction of £45,000 in management fee paid to Torbay Coast & Countryside Trust from 1 April 2019

Prepared by: Damian Offer (Chief Executive, Torbay Coast and Countryside Trust)

Date: 25th November 2018

1 Executive Summary

The consequences of the proposed cut of £45,000 in the Management Fee from 1 April 2019 are considered in this report. To facilitate the proposed reduction, TCCT proposes that management responsibility for thirteen sites amounting to some 200ha revert to Torbay Council from April 2019. Responsibility for these thirteen sites includes significant management liabilities and ongoing costs, which are currently being met by TCCT.

It is unclear how Torbay Council will meet the management liabilities and costs arising from these sites and achieve actual cost savings given that, to achieve only a base level of maintenance on these sites, TCCT is currently:

- a) Expending c. £52,000 on the maintenance of these sites;
- b) Deploying the equivalent of £63,000 in human resources; and
- c) Employing contractors to deliver £7,000 of maintenance works.

Although some £6,000 of Higher Level Stewardship grant funding could move to Torbay Council from TCCT, it would bring with it responsibility for delivering grant-funded works until 2024, which require additional expenditure of approximately £9,000 p.a. until the end of the scheme.

The impact on TCCT's capacity to manage the remainder of the leased assets will be significant and proportionally greater than the 24% reduction in funding that the proposed cut represents:

- To achieve the necessary saving in expenditure TCCT will need to reduce staffing in the Estate Team by 1.5FTE (30%)
- The reduction in staffing will further reduce the Estate Team's ability to facilitate the contribution from community volunteers by almost 30%.

2 Context

2.1 History of the Management Fee

2.1.1 When TCCT was established in 1999, it was on the basis that Torbay Council would pay TCCT an annual Management Fee of £199,900 equivalent to the Countryside Team annual budget.

2.1.2 In 2003, the Council leased additional land to TCCT including revenue-generating assets such as telecoms aerials and car parks. The Management Fee reduced to

£152,100, giving total funding of £258,569 (including SWCP grant of £18,000), which was sufficient to meet the £256,640 cost of managing the leased land.

- 2.1.3 Between 2003 and 2009, the cost of managing the leased land exceeded the combined income by an average of £24,000 annually, leading to a cumulative deficit of £96,000 for land management over that period. Combined with an accumulated £249,000 loss from commercial activity between 2006 and 2010, TCCT reached a crisis point in 2009/10.
- 2.1.4 In 2009, the management fee was increased to £209,500, rectifying the deficit in land management funding. TCCT implemented a Recovery Plan, shedding one third of staff, cutting costs across the board and leasing the farm shop at Ocombe to Gribbles.
- 2.1.5 From 2011 to 2013, the management fee remained static at £203,000. The SWCP grant was cut to £12,000 in 2013.
- 2.1.6 In 2014, the management fee was cut by £50,000 to £153,000. TCCT was unable to sustain this level of cut and raised a petition, which secured the reinstatement of £30,000 (with TCCT voluntarily offering up a cut of £20,000).
- 2.1.7 The management fee has increased within inflation since 2014 to £186,000 from 1 April 2018. The deficit between land management funding and expenditure has risen from £20,000 in 2014 to £26,000 in 2018, producing a cumulative deficit of £100,000.
- 2.1.8 From 1 April 2019, a Management Fee of £146,000 is proposed (3% increase to £191,000 and a cut of £45,000).

2.2 TCCT Financial Position

- 2.2.1 TCCT finances are finely balanced. Due to the reduced performance of Ocombe Festival (lower attendance and expenditure; competition from other festivals) and Ocombe Farm Café (reduction in consumer spending; Brexit), TCCT will make a loss this year. This will be covered from unrestricted reserves.
- 2.2.2 Given the likelihood of reduced income in 2019, TCCT already plans to cut back expenditure significantly from 1 April 2019 in order to achieve a balanced budget.
- 2.2.3 TCCT cannot thus absorb the proposed cut to the Management Fee.

2.3 TCCT Proposal

- 2.3.1 TCCT cannot manage the same extent of land for the Council for reduced funding. To facilitate a reduction of £45,000, TCCT will return responsibility for the sites shown in Table 1 to the Council from 1st April 2019.
- 2.3.2 Some £44,640 of the Management Fee is allocated against the costs of management for these sites.

2.3.3 Six of the sites in Table 1 are in receipt of annual grant funding (see 3.3) for enhancement and restoration works. These receive a management fee allocation of £26,040. The remainder (sites not subject to grant funding) receive an allocation of £18,600.

Site Name	Area (ha)
Seymour Lane Field, Torquay	1.06
Watcombe Woods, Torquay	43.35
The Grove & Ball Copse, Churston	17.24
Marridge Woods (incl. Seven Quarries), Churston	24.29
Brunel Woods, Torquay	6.59
Wall's Hill, Torquay	20.51
Hope's Nose, Torquay	20.87
Bishop's Walk, Torquay	14.29
Thatcher Point, Torquay	4.34
Roundham Head, Paignton	2.26
Sugarloaf Hill, Paignton	2.25
Saltern Cove & Waterside	9.95
Scadson & Hollicombe Woods	28.56
Total	195.57

Table 1 - Sites to revert to Torbay Council from 1 April 2019

2.4 Management Undertaken on Leased Land (excl. grant-funded enhancement or restoration works)

2.4.1 The Management Fee paid to TCCT by Torbay Council funds basic maintenance of the land and associated infrastructure (not restoration, enhancement or improvement):

- Litter picking and emptying of litter and dog waste bins (daily during summer, twice weekly in winter – this is sometimes not often enough). Clearance of litter can be a significant problem on sites (e.g. Hope's Nose, Seven Quarries)
- Routine grass cutting (amenity sites cut 1-3 weekly during summer; regime depends upon site and specification, cuts for habitat management are six monthly or annually and usually involve removal of cuttings)
- Clearance of obstructions on paths, remediation of hazards and maintenance of access infrastructure (not including SWCP).
- Winter clearance of obstructions on SWCP (three staff for three weeks - £9,000); landowner's/land manager's responsibility¹.
- Surveillance and monitoring of all sites (i.e. identification of hazards) through inspections at least once per year (more often for heavily frequented sites or those with known hazards that could deteriorate).

¹ SWCP grant of £12,000 matched by £18,000 of management fee pays for three summer cuts (3.0 FTE for 3 weeks per cut = £9,900 per cut).

- Tree surveillance and management where trees pose a hazard to persons or adjacent property. No other (proactive) tree maintenance is undertaken.
- Basic maintenance of designated sites (SSSIs etc.) to maintain interest features in accordance with Public Sector Agreement (PSA) targets and NERC Duty.
- TCCT commissions contractors (e.g. Glendale, Hi-Line) to undertake amenity grass cutting and more specialist tree inspections and tree works (i.e. trees overhanging property, climbing works, over size specimens, technically difficult).

3 Income

3.1 Direct Income

3.1.1 There is no direct income (i.e. rents, easements etc.) associated with any of the sites in Table 1.

3.2 Management Fee

3.2.1 A sum of £44,640 of the Management Fee is allocated for the basic maintenance of the sites listed in Table 1.

3.3 Grant Funding

3.3.1 Higher Level Stewardship (HLS)

3.3.2 TCCT has entered land into Higher Level Stewardship (HLS) to access grant funding to:

- Restore dilapidated boundaries and infrastructure (e.g. hedges, fences, gates etc.);
- Restore and enhance priority habitats;
- Bring Sites of Special Scientific Interest (SSSIs) in to Unfavourable Recovering or Favourable Condition);

Site Name	Annual Funding £	Capital Funding £
Watcombe Woods, Torquay	207	1,035
Brunel Woods, Torquay	125	625
Wall's Hill, Torquay	2,773	37,700
Hope's Nose, Torquay	1,596	18,381
Bishop's Walk, Torquay	1,700	8,500
Sugarloaf Hill, Paignton	208	1,038
Total	6,608	67,278

Table 2 – Sites from Table 1 in receipt of Higher Level Stewardship funding

3.3.3 This grant funding pays for restoration and enhancement; i.e. management over and above the base level of care funded by the management fee:

- Capital Works Payments – for one-off works to restore habitat (e.g. scrub

clearance) or improve infrastructure (e.g. fencing, water supply)

- Annual Maintenance Payments – to maintain restored areas of habitat (e.g. managing limestone grassland)

3.3.4 The grant funding only covers 40-50% of the cost of the works involved (capital or maintenance), TCCT makes up the deficit with charitable funding.

3.3.5 Subject to the agreement of Rural Payments Agency (RPA), and advice from Natural England (NE), the Higher Level Stewardship agreement and grant funding of £6,608 for the above sites would transfer from TCCT to Torbay Council:

- The Council would become liable for HLS-funded works on the sites in Table 2 from 1 April 2019 until 2024 and funding the additional annual cost of these works (c. £9,000).
- If Torbay Council refused to take on the Higher Level Stewardship agreement, RPA would seek repayment of grant provided since 2014, which amounts to £67,278. TCCT would expect Torbay Council to meet this cost.

3.3.6 Basic Payment Scheme (BPS)

3.3.7 TCCT receives BPS of £5,677 for 'farming' the sites show in Table 3 (i.e. grazing grassland with livestock or taking an annual forage cut).

3.3.8 This funding augments the funding provided by the Management Fee for basic maintenance. TCCT's farming operation delivers this work.

3.3.9 Torbay Council would not be eligible for BPS, so this funding would not be transferrable.

Site Name	BPS Funding £
Watcombe to Petit Tor, Torquay	190
Brunel Woods, Torquay	0
Wall's Hill, Torquay	2,679
Hope's Nose, Torquay	2,407
Bishop's Walk, Torquay	0
Sugarloaf Hill, Paignton	401
Total	5,677

Table 3 – Sites in receipt of Basic Payment Scheme funding

4 TCCT Resources Deployed

4.1 Expenditure

4.1.1 TCCT currently spending £67,627 (staff, direct costs and overheads) on managing the sites listed in Table 1:

- £52,073 on core maintenance (£44,640 management fee, £5,678 BPS, £1,755 TCCT)

- £15,554 on grant-funded works (i.e. funded by £6,602 HLS grant and £8,952 TCCT)

4.2 Overheads

4.2.1 TCCT will not realise significant cost savings in overheads by returning land to Council responsibility. For example, TCCT's insurance broker has already advised that any reduction in the annual premium of c. £45,000 would be £00s rather than £000s.

4.3 Contractors

4.3.1 Some routine management operations are contracted out by TCCT at a cost of c. £7,000 for the sites listed in Table 1 (£3,000 - grass cutting, £1,000 - tree works and £3,000 - enforcement of PSPO on Hope's Nose).

4.4 Human Resources (Staff, LTVs, Community Volunteers)

4.4.1 TCCT deploys human resources on the management of the sites listed in Table 1 as shown in Table 4.

4.4.2 TCCT's currently deploys the equivalent of 0.94 FTE of staff from the Estate Team on managing these sites.

4.4.3 This staff resource is complemented by the equivalent of 0.71 FTE provided by Long Term Volunteers (LTVs)².

4.4.4 Community volunteers contribute the equivalent of 1.62 FTE annually³.

Description	FTE	Man-hours	Man-days	Cost £
TCCT Staff	0.94	1,516	205	23,500
Long Term Volunteers	0.71	1,137	154	17,750
Community volunteers	1.62	2,615	353	40,500
Totals	3.27	5,268	712	81,750
Breakdown				
Core Maintenance Works (77% of resource)	2.52	4,056	548	62,947
Grant-funded Enhancement Works (23%)	0.75	1,211	164	18,802

Table 4 - TCCT human resource deployment

4.5 Risk and Liability

4.5.1 There are risks and liabilities associated with the land listed in Table 1. We live in an increasingly litigious society and managing any land with public access or that is adjacent to roads or private properties brings with it significant liabilities:

² TCCT recruits up to twelve Long Term Volunteers (LTVs) every year, who work alongside paid staff on 9-12 month placements to gain experience and skills that improve their employment prospects (80% of LTVs find a job in their preferred area of work within six months of leaving TCCT). The Estate Team has capacity to recruit up to seven LTVs.

³ TCCT attracts the support of community volunteers, who give their time and energy to help with land management and other activities. The contribution to the Estate Team equates to the equivalent of 3.2 FTE annually.

- 4.5.2 There is a significant amount of woodland on the sites listed in Table 1, much of which borders private properties. Like Torbay Council, TCCT manages the risk arising from trees using QTRA and a risk-based inspection regime, which determines the frequency and type of inspection regime on any given site.
- 4.5.3 Even with this regime in place, TCCT receives claims for tree damage, which our insurers generally feel obliged to settle with excess costs incurred by TCCT.
- 4.5.4 Land with significant public access includes liabilities for ensuring that there is an inspection regime in place to identify and address hazards to visitor safety. If ignored, such hazards can result in injury leading to significant and expensive insurance claims.

4.6 Impact on TCCT

- 4.6.1 In returning responsibility for the sites listed in Table 1, TCCT will need to achieve a compensatory reduction of £45,000 in expenditure from 1 April 2019 by:
 - 4.6.2 Reducing expenditure on contractors by £7,000 (£3,000 - grass cutting, £1,000 - tree works and £3,000 - enforcement of PSPO on Hope's Nose).
 - 4.6.3 Making 1.5 FTE staff redundant from the Estate Team to save a further £38,000, which will reduce Estate Team capacity by 37.5%. This will have a very significant adverse impact on TCCT's ability to manage the remainder of the leased assets.
 - 4.6.4 Even most self-sufficient volunteer groups need core staff support if they are to remain engaged, active and constructive over time. Due to previous contractions in staffing, TCCT is already struggling with resourcing the engagement, support and supervision of volunteers, which is reducing the level of volunteer contribution.
 - 4.6.5 The loss of 1.5 FTE from the Estate Team will further undermine TCCT's ability to deploy the equivalent of 1.0 FTE in contribution from community volunteers on the remainder of the leased land.
 - 4.6.6 Thus, the impact of the proposed reduction in funding will be the loss of at least 2.5FTE of resources from the Estate Team, which will compromise TCCT's ability to manage the remainder of the leased assets.

5 Conclusion

The consequences of the proposed cut of £45,000 in the Management Fee from 1 April 2019 are both significant and undesirable:

- Significant management liabilities will revert to Torbay Council with responsibility for the sites listed in Table 1.
- It is unclear how Torbay Council will meet these management liabilities and achieve any actual cost savings:
 - TCCT is currently expending c. £52,000 on basic maintenance of the sites and deploying the equivalent of £63,000 in human resources to deliver this work.
 - Some £6,000 of Higher Level Stewardship grant funding could move to Torbay Council from TCCT. However, this funding brings with it liabilities for additional cost amounting to approximately £9,000 p.a.

- TCCT's contractor costs amount to £7,000 for works on these sites with little prospect of achieving significant savings without terminating the operations.
- The impact on TCCT's capacity to manage the remainder of the leased assets will be significant and proportionally greater than the 24% reduction in funding that the proposed cut represents:
 - To achieve the necessary saving in expenditure TCCT will need to reduce staffing in the Estate Team by 1.5FTE (30%)
 - The reduction in staffing will further reduce the Estate Team's ability to facilitate the contribution from community volunteers by almost 30%.

On balance, The Trust cannot see how The Council could manage these parcels of land more cost-effectively than the Trust and believe it would be in the interest of The Council, The Trust and the residents of Torbay for the Council not to cut the Management Fee as proposed and leave the listed sites in the care of TCCT.

