

Meeting: Overview & Scrutiny Meeting

Date: 14th January 2026

Wards affected: All

Report Title: Torbay Economic Development Company – Closure and re-integration into Torbay Council

When does the decision need to be implemented?

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1. Purpose of Report

- 1.1. To provide an update for the Overview & Scrutiny Committee of the process, outcomes, benefits and lessons learned from the implementation of the decision to dissolve Torbay Economic Development Company (TDA).

2. Reason for Proposal and its benefits

- 2.1. The outcomes anticipated in the report that supported the decision made in respect of TDA included streamlining the operational delivery of activities delivered through TDA. In particular ensuring that the resources and expertise of the staff are focused on the work needed to deliver for the communities of Torbay. It was envisaged that in bringing these services in house will remove levels of governance that the Council already provides directly through its established processes. In removing these processes, the resource commitment of servicing these Company committees and board will release this capacity to support other work.
- 2.2. The primary objective of dissolving Torbay Economic Development Limited (TDA) and reintegrating its activities into Torbay Council has been achieved. Key successes included the TUPE transfer of staff, the novation of the vast majority of contracts, and the integration of core support services such as Finance, HR, Communications, and Health & Safety into the Council's structures. Most critical success factors were met, including the maintenance of service delivery throughout the transition and the minimization of one-off costs, which were closely monitored and managed. The project also benefited from effective project governance, with milestones largely achieved on schedule, and any delays such as in asset transfers managed transparently and with clear rationale.

- 2.3. Lessons learned for commissioning and managing LA trading companies are evident in the challenges and adaptations faced during the project. The complexity of novating contracts and transferring assets highlighted the need for early and thorough due diligence, especially regarding legal and financial arrangements and higher levels of client side engagement should similar structures be considered by this Council in the future. The project underscored the importance of clear communication and stakeholder engagement, particularly with staff, to ensure smooth cultural integration and avoid employment disputes. The need for flexibility in timelines, or a contingency period, especially when external advice or unforeseen circumstances arise is a key takeaway.
- 2.4. The integration of TDA is a significant step for the Council's capability to deliver its corporate plan. This has been strengthened through increased control over resources, streamlined governance, and the alignment of TDA leadership within the Council's structure bringing about streamlined services and focusing resources.
- 2.5. The direct employment of former TDA staff allows for more agile deployment of expertise to priority projects, particularly in the capital programme. The integration of support services and the reduction of internal recharging and duplicated processes are expected to yield efficiency gains over time, and it is recognised that some financial benefits will take time to fully materialize. The project has positioned the Council to be more responsive and effective in meeting community needs and delivering on its strategic objectives.
- 2.6. In particular it enhances our ability to deliver, directly supporting objectives to deliver more efficient and joined up services and focusing resources on economic growth and Torbay as a place better meeting the needs of Torbay's residents and communities.

3. Recommendation(s) / Proposed Decision

1. That the Chief Executive be recommended to ensure any trading companies or arms length structures are supported by robust governance mechanisms to minimise risks and maintaining both effective delivery and a focus on the Council's vision.

4. Background Documents

- September 2023 report to Cabinet & Council "Future options for the structure and operation of Torbay Economic Development Company Limited"

Supporting Information

5. Introduction

5.1. Torbay Economic Development Company Limited (trading as TDA) was established as a company in 2011. It was set up as a wholly owned and controlled subsidiary of the local authority so that work could be commissioned to it, in line with procurement regulations. The intention was to control the company by way of membership and strategic influence by the Council through a commissioning process, the appointment of Council directors to its board and through agreed reserved matters. The essential activities were for this Council. It was agreed the essential activities were complemented by trading activities which delivered income in support of the Council's objectives.

5.2. At the Council meeting on 20 September 2023 it was agreed Torbay Economic Development Company be dissolved and the services brought in house to allow for an increase in the resource and focus on the Council's core strategic objectives.

5.3. The main objective of the project was to dissolve TEDC and bring activities back into the Council in their entirety, with potential exceptions for subsidiary companies. This is still in progress due to the timeframe required to dissolve a company. Key activities which have been completed include;

- TUPE transfer of staff on 1st April 2024;
- Novating TEDC and TorVista Homes (TVH) contracts of suppliers to Torbay Council (TC).
- Transfer of TEDC properties/sites to TC.
- Transfer of TEDC land/sites to TC.
- Transferred TVH properties/sites to TC.

Ref	Critical Success Factor	Status
a)	TUPE transfer is successful	Achieved
b)	TDA are paid correctly following TUPE	Achieved
c)	No employment tribunal challenges from staff	None to date
d)	Staff are integrated within existing Council structures operating to standardised systems and processes	Achieved. Finance, HR, Comms & Social Media, and H&S have been integrated into existing Council structure.

Ref	Critical Success Factor	Status
		Other TDA services continue to operate as is, within the Pride in Place Directorate.
e)	Existing core services and project delivery are effectively maintained throughout the transition	Achieved
f)	Any one-off costs for the transition back into the Council are minimised and, where possible, offset by other savings	<p>Ongoing.</p> <p>A Transition Costs Summary has been updated throughout the life of the project, and monitored by the TDA Review Board and Finance Project Delivery Group.</p> <p>Spend approval has been sought to ensure costs are minimised.</p>
g)	Streamlining operational delivery of activities currently delivered through TDA, ensuring resources and expertise are focused on activities/projects needed for the communities of Torbay.	Ongoing. The Place restructure has also been linked to this as part of business as usual service reviewing.

5.4. Ceasing TDA external activities, TUPE, asset and contract reviews and where required novation, amendment or cancellation were largely completed by 31st March 2024. The complexity of some of the issues for instance in respect of the related TVH assets and the ongoing need for some form of commercial structure meant some of the originally set deadlines were not achieved.

5.5. The project team set out that benefits of the project are grouped into three categories: financial, non-financial and efficiency. Performance against these categories is set out below;

Ref	Benefit	Status
Financial		
a)	Control of resources	Main operating cost is staffing.

Ref	Benefit	Status
		Previous Commissioning arrangement is no longer required as staff are now employed directly by the Council. Therefore, resources can be directed accordingly to meet the priorities of the Council.
b)	Reduced service delivery costs	<p>At this current time it is not possible to quantify (too early).</p> <p>However, there will be efficiencies from reducing internal invoicing (re-charging) between the Council and TDA. Plus month end closure accounts procedures will not be required by TDA (non-cashable saving).</p>
c)	Cost-neutral	Some one off costs have been incurred in making the transition, the integration is cost neutral on an operational basis.
Non-financial		
d)	Blending of two cultures into 'Torbay Way'	In progress.
Efficiency		
e)	Increase the Council's leadership, focussing resource on the Council's core strategic objectives, particularly in respect of the Capital Programme and Economic Growth	TDA Managing Director and Senior Leadership Team have all been transferred into the Council's leadership, under the Pride in Place Directorate
f)	Streamlining the operational delivery of activities currently delivered through TDA	Ongoing.
g)	Reducing level of governance that the Council can provide directly through its established internal processes	<p>Completed</p> <p>TDA sub committees stood down.</p> <p>Director of Pride in Place and</p>

Ref	Benefit	Status
		relevant TDA Officers have been added to additional Boards, where necessary.
h)	Additional capacity to support other Council work	TDA resources within Finance, HR, Comms & Social Media, and H&S have been integrated into existing Council structure. Other TDA services continue to operate as is, within the Place Directorate.

6. Options under consideration

6.1. Alternative options were set out in the September 2023 report.

7. Financial Opportunities and Implications

7.1. The review of TDA is primarily concerned with ensuring the most effective approach to support Torbay and the Council in delivery of its corporate/community plan objectives. While any income potentially reduces these resources it is the Council's view some one-off costs of the transition back into the authority will see the foregone income will be offset by other savings and benefits. There have been reductions in staffing costs with vacancies left unfilled or deleted and savings for instance in areas relating to housing management.

7.2. The estimated and known/approved totals are;

One off	Ongoing	Total
£504,833	£219,609	£724,442

7.3. The financial impact of the project will continue to be monitored and progress reported.

8. Legal Implications

8.1. As set out in September 2023 report.

9. Engagement and Consultation

9.1. As set out in September 2023 report.

10. Procurement Implications

10.1. As set out in September 2023 report.

11. Protecting our naturally inspiring Bay and tackling Climate Change

11.1. As set out in September 2023 report.

12. Associated Risks

12.1. As set out in September 2023 report.

13. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age	<p>18 per cent of Torbay residents are under 18 years old.</p> <p>55 per cent of Torbay residents are aged between 18 to 64 years old.</p> <p>27 per cent of Torbay residents are aged 65 and older.</p>		<p>Ensure that communications and support are accessible to all age groups.</p> <p>Monitor for any unintended consequences, such as changes in service delivery that might disproportionately affect older or younger residents.</p>	
Carers	<p>At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these provided 50 hours or more of care.</p>		<p>Maintain flexible working arrangements for staff who are carers and provide support for</p>	

			carers during organisational changes	
Disability	In the 2021 Census, 23.8% of Torbay residents answered that their day-to-day activities were limited a little or a lot by a physical or mental health condition or illness.		Ensure reasonable adjustments are maintained or enhanced during the transition.	
Gender reassignment	In the 2021 Census, 0.4% of Torbay's community answered that their gender identity was not the same as their sex registered at birth. This proportion is similar to the Southwest and is lower than England.			
Marriage and civil partnership	Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership.			
Pregnancy and maternity	Over the period 2010 to 2021, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 63.7 per 1,000)		Ensure that staff on maternity leave or who are pregnant are kept informed and supported throughout the transition. Maintain	

	than England (60.2) and the South West (58.4). There has been a notable fall in the numbers of live births since the middle of the last decade across all geographical areas.		statutory rights and protections	
Race	In the 2021 Census, 96.1% of Torbay residents described their ethnicity as white. This is a higher proportion than the South West and England. Black, Asian and minority ethnic individuals are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England.		Monitor for any disproportionate impacts on ethnic minority staff or residents. Ensure equality of opportunity in employment and service delivery. Engage with community groups to understand and address concerns	
Religion and belief	64.8% of Torbay residents who stated that they have a religion in the 2021 census.			
Sex	51.3% of Torbay's population are female and 48.7% are male			
Sexual orientation	In the 2021 Census, 3.4% of those in Torbay aged over 16 identified their sexuality as either Lesbian, Gay, Bisexual or, used another term to			

	describe their sexual orientation.			
Armed Forces Community	In 2021, 3.8% of residents in England reported that they had previously served in the UK armed forces. In Torbay, 5.9 per cent of the population have previously served in the UK armed forces.			
Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)				
Public Health impacts (Including impacts on the general health of the population of Torbay)				
Human Rights impacts				
Child Friendly	Torbay Council is a Child Friendly Council, and all staff and Councillors are Corporate Parents and have a responsibility towards cared			

	for and care experienced children and young people.			
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14. Cumulative Council Impact

14.1. As set out in the September 2023 report and above.

15. Cumulative Community Impacts

15.1. None