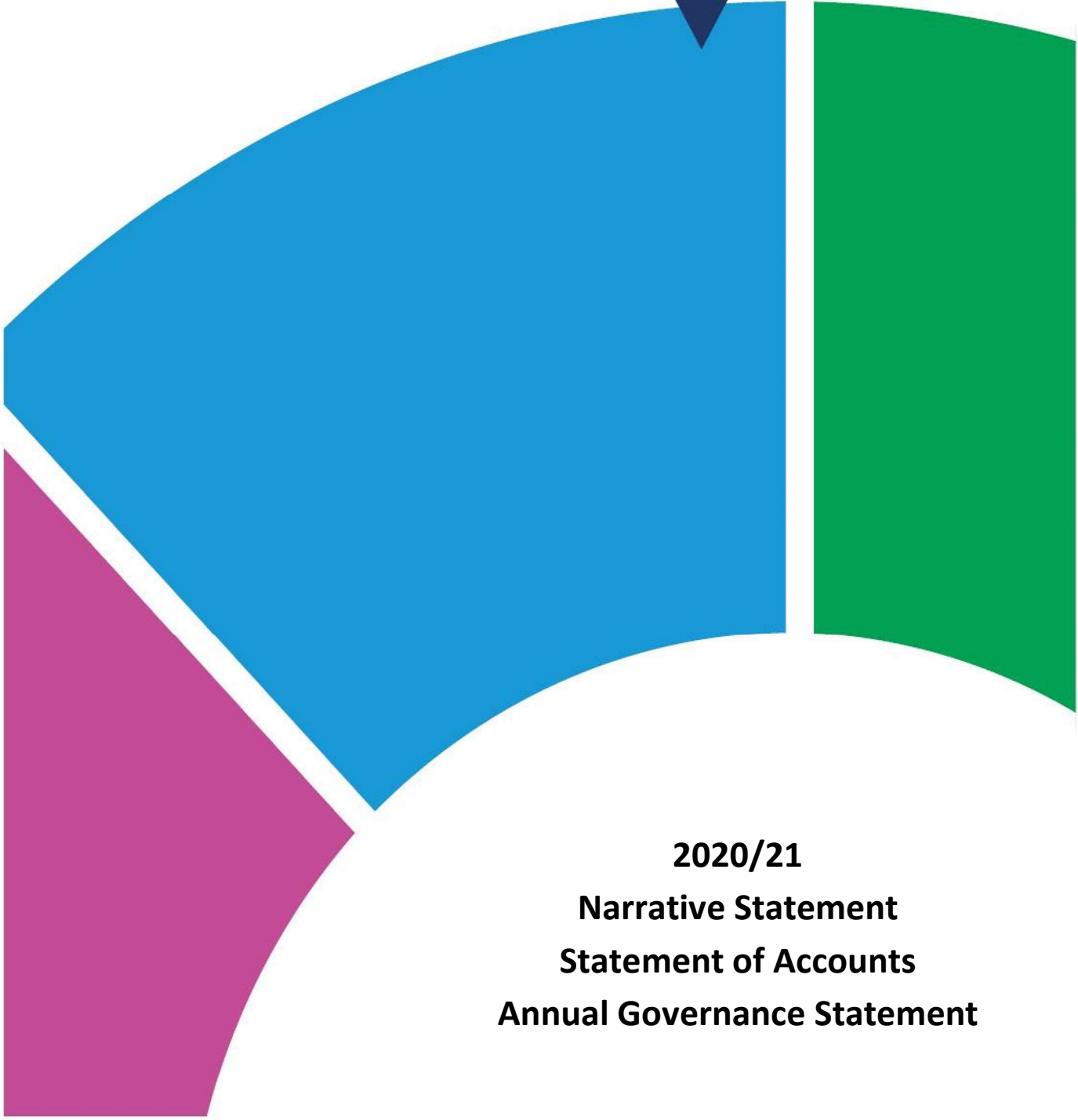


2020 - 21



2020/21
Narrative Statement
Statement of Accounts
Annual Governance Statement

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Torbay Council

Statement of Accounts • 2020/2021

Introduction

The purpose of the Statement of Accounts is to present a detailed overview of the Council's financial position as at the end of March 2021. It gives information as to the Council's assets and liabilities at a point in time (31st March 2021) and detail on the Council's financial performance during 2020/21. This information is, where material, supported by notes to the accounts.

The Statement includes the:

- Director of Finance's Narrative Statement
- Statement of Accounts including:
 - The Core Financial Statements for 2020/21 including balance sheet, income and expenditure account, cash flow and movement in reserves.
 - Notes to the Core Financial Statements, that provide further detail to the core statements
 - Accounting Policies. The 'framework' adopted in preparing the accounts.
 - The Collection Fund Summary Account (for the accounting for the collection of National Non-Domestic Rates (NNDR) and Council Tax)
 - Group Accounts
- Annual Governance Statement

The form and content of the Statement of Accounts is highly prescribed, by the CIPFA Code of Practice, and is produced on an International Financial Reporting Standards (IFRS) basis. The classification of costs, income, and services under IFRS and the "Code of Practice" is different to the Council's internal financial reporting to management.

The Accounts are presented on a "going concern" basis as Councils cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis.

The Accounts are a technical document and due to statutory requirements are a lengthy and complicated document. The figures in these accounts are presented to the nearest £100,000. The Code states that "information is material if omitting it or misstating it could influence decisions that users make based on financial information about a specific reporting authority. In other words, materiality is an authority-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual authority's financial statements".

"Group" accounts have been produced to consolidate the Council's financial position with the companies that it owns or has an ownership in with notes if material. The financial position of its subsidiary and related companies is fully disclosed in both the Narrative Statement and the related parties note.

The Accounts are subject to a detailed audit by the Council's external auditor (Grant Thornton UK LLP).

Under the Accounts and Audit Regulations, the Accounts, with its supporting documents, are available for public inspection. Full details are available from Financial Services at Torquay Town Hall or on the Council's website.

The Narrative Statement aims to offer interested parties a concise and easily understandable effective guide to the most significant matters reported in the accounts. The Council's Director of Finance is the Council's appointed Chief Finance Officer.

The Council, under the Accounts and Audit Regulations must approve an Annual Governance Statement which provides an explanation of the Council's governance framework, provides a summary of how the effectiveness of the framework has been reviewed over the course of the year and actions which will be taken over the coming year to improve the Council's governance. The 2020/21 Statement has been included within this document but is not part of the Accounts and is outside the external auditor's opinion on the Accounts.

The Statement of Accounts is a key financial document published by the Council. The Council's website contains the Statement of Accounts for previous years and a range of additional financial information:

<http://www.torbay.gov.uk/council/finance/statement-of-accounts/>

All financial reports such as monitoring reports and outturn reports are reported on a regular basis to Council Committees and are available at

<http://www.torbay.gov.uk/DemocraticServices/>

There is a glossary at the back of these documents to help explain the meaning of some of the local government finance and accounting terms.

The Council is required under statute to publish its unaudited accounts by the 31 May of the following financial year, however for 2020/21 and 2021/22 this has been extended to 31 July. The Council's external auditors will audit the accounts to enable Council (via Audit Committee) to approve its accounts with a publication date of audited accounts by end of September.

Director of Finance’s Narrative Statement

Our Place

Torbay offers a quality of life for individuals and families – its natural environment, clean air, climate, location, good schools, growing arts and cultural sector and wide range of outdoor activities means that Torbay provides everyone with the opportunity to live a healthy and fulfilled life.

Torbay comprises the three coastal towns of Torquay, Paignton and Brixham with a population more than 133,000, of which 62,000 are between the ages of 18 and 64. In addition, Torbay attracts around 1.6 million visitor trips each year.

Torbay has established areas of economic success in many industries including fishing, a large social care sector and growing pharmaceutical and tech industries. Our residents have high levels of satisfaction with Torbay as a place to live. However, like many coastal areas, Torbay suffers from high levels of poverty and deprivation with an ageing population, increasing demand for children’s social care and not enough opportunities for young people.

Our Council

As a unitary authority, Torbay Council is responsible for a wide range of services including social care, transport, culture, housing, parks, beaches and waste.

Local elections are held every four years. A referendum on the governance arrangements for Torbay Council was held in May 2016. As a result of the referendum, from May 2019 Torbay Council changed from being made up of the Elected Mayor and 36 Councillors to a Leader and Cabinet model of governance.

A total of 36 Councillors represents Torbay’s 16 wards and the political make-up at March 2021 of the Council is 12 Liberal Democrats, 14 Conservatives and 10 independents. The Liberal Democrat group and Independent group have joined together to form the administration of the Council, with the Liberal Democrat Leader of the Council supported by 6 cabinet members including an Independent Deputy Leader of the Council.

Further detail of the Council’s governance and its risk management arrangements are set out in the Annual Governance Statement, which is included in addition to the Statement of Accounts.

Supporting the work of the Leader of the Council and Councillors is the officer structure of the Council headed by the Senior Leadership Team (SLT). This is made up of the Council’s most senior officers and ensures that the key Statutory Officers are represented at the most senior level of the Council.

Torbay Council employs a total of 984 people (952 19/20), this does not include schools based employees.

Our Corporate Plan

The Council’s Community and Corporate Plan – One Torbay: Working for all Torbay, was adopted in February 2020 with the ambition of wanting Torbay and its residents to thrive.

To deliver our ambition we have identified four visions, each with several priority areas:

- Thriving people
- Thriving economy
- Tackling climate change
- A Council fit for the future

Thriving people

We will ensure that all activities of the Council are focused on turning the tide on poverty and that Torbay's residents, young and old have high aspirations and the opportunity to reach their full potential.

Our aim is to ensure that all our residents are active, healthy, safe, resilient, and self-sufficient with good quality homes, which are affordable and meet their needs. They will have access to high quality employment opportunities whilst living in a community which is vibrant and attractive.

For those in need of extra support, there will be access to good quality children's and adult social care.

We will create a whole community response to make Torbay a child-friendly and age-friendly place. One Torbay: Working for all of Torbay so that the people in our communities thrive.

Thriving economy

We will achieve our economic potential and play our distinctive role in the national and international economy. We will be well-connected with skilled individuals, a diverse economy and higher quality, better paid jobs.

We will work to ensure that the local economy is sustainable so as to deliver long term future prosperity and an improved quality of life for all of our residents, especially those living in our most deprived areas. We want to achieve clean, green and inclusive growth.

Through our people, our businesses and our infrastructure, we will create a whole community response to drive forward clean, inclusive growth. One Torbay: Working with all of Torbay so that our economy thrives.

Tackling climate change

We will work to reduce consumption and increase recycling. We will promote low carbon energy and work to improve poor air quality and reduce noise and emissions.

We will create a whole community response to protect our environment. One Torbay: Working for all of Torbay to tackle climate change.

A Council fit for the future

We will fundamentally change the way in which the Council communicates and engages with all residents, including our young people. We will strengthen our relationships within the community and across our partnerships, including ensuring that our plans align.

We will be an organisation that our communities can trust. One Council: Working for all of Torbay to enable our communities and create a Council fit for the future.

Our Achievements

- Thriving people

2020/21 was a very challenging year for Torbay. The council, its partners and many community organisations and individuals pulled together and worked alongside each other to respond to the COVID-19

pandemic and meet the needs of the community. An immense amount of hard work resulted in the figures below and demonstrates (amongst other areas of response) the exceptional strength of the Bay's community spirit and our commitment to working together in the face of the greatest of challenges. As of March 2021, there were:

- 28,958 contacts made by council staff to offer people clinically vulnerable to the virus and advised to shield from the virus, help and support.
- 18,500 calls taken by volunteers at Torbay community helpline, which is a group of organisations from the charity and voluntary sector in the Bay led by Community Development Trust.
- 7,000 local children, young people and their families in the Bay provided with vouchers over the school holidays.
- 1,688 'rapid responses' made by volunteers for people who cannot leave their home and needing urgent help with shopping and prescriptions.
- 1,500 volunteers offering their help, including 323 people helping get people to and around the vaccination centre in Torquay, 245 people signing up to be community champions who help share key information with friends and family, and 81 volunteer drivers. 68 new Good Neighbour schemes have also been established.

Torbay Council contributed funding to Torbay Food Alliance, a consortium of 12 food banks and community voluntary organisations, formed as a direct response to the Covid-19 lockdown. The organisations work collaboratively to provide a more co-ordinated response to local need and to better share skills, resources, and information. Over half a million food parcels have so far been sorted, packed, and distributed to meet the demand for food from those facing food poverty or needing extra help due to shielding or self-isolation.

A COVID-19 Community Action Fund was established in 2020 to provide support to organisations working with communities, who are being impacted by coronavirus and the social and economic consequences. Grant funding was provided to community-led schemes, which addressed some of the local issues.

Torbay Council's COVID Community Champions initiative is the first of its kind in Devon and Cornwall. The champions volunteered to share the latest facts and advice on tackling the virus and acted as reliable sources of information. Local schools worked with the initiative to develop networks for staff and pupils.

Covid Winter Grant scheme funding was used in partnership with Citizens Advice Devon and Torbay Community Helpline to help up to 600 residents with fuel bills. Eligible families received a one-off payment in the form of vouchers or an online payment.

Torbay schools were one of the top performing areas when children returned in September 2020. Average attendance for that week was above 94% meaning over 17,200 children and young people were welcomed back. Our Schools and Education teams worked closely with schools on their risk assessments in the lead up to the return.

Away from the response to the Covid-19 pandemic, Torbay secured £8.6m of funding to provide additional school places from 2021/22. The 'Basic Need' funding announced is in addition to existing DfE funding for the new free schools in Paignton. Torbay will also receive £0.4m Capital funding for repairs and maintenance for its six maintained schools.

A wide range of improvements were made to the way Children's Services works with children and their families. Improvements include Restorative Practice and Family Group Conferences which enable social workers and families to work alongside each other to agree the best outcome for the child or young person, preventing the need for further intervention.

The transfer of youth services to Torbay Youth Trust came just 6-weeks before the first national lockdown. Despite the pandemic, the Trust has made significant developments to expand the support on offer to young people that need it. The Youth Trust has increased the presence of the Youth Service and Young Carers Service within the area, so that the voices and needs of vulnerable young people are clearly heard in these challenging times. It has also set up a Youth Forum, secured funding from the Diversiteen Community Interest Company to support young people from the LGBTQ+ community, and has been accepted onto an international research project focused on the emotional well-being of young carers.

Prior to the pandemic, Torbay had a thriving early years intergenerational visitation programme with fifteen care homes engaging in visits and activities with early years providers across the bay. Torbay Early Years Advisory Team worked with childminders and care homes to develop a new 12-week course, based on a national initiative, and aimed at bringing old and young together (safely).

At Torbay Children's Services, the fight against Child abuse, exploitation and neglect has gone up several gears with a new Exploitation Team firmly established to understand the picture of exploitation in Torbay, and to continue to develop processes and tools to enhance understanding of exploitation and more importantly the responses to children who are victims of exploitation.

TorVista Homes, TDA's new housing company, has been awarded Registered Provider status for housing by the Regulator for Social Housing. It aims to deliver a wide range of good quality homes and services and to be the landlord of choice for all sectors of the community across the region. In addition, TorVista Homes has achieved Investment Partner status with Homes England to enable it to bid for, and receive the grant required to support the delivery and acquisition of affordable housing which will help maximise the number of homes delivered in Torbay.

The Council has been able to invest £150k towards subsidising local bus services which were at risk of being cancelled by operators. Losing any bus route can impact our elderly residents and those who are mobility impaired especially in the hillier areas of the bay and where the continuation of routes is critical to the wellbeing of our residents.

A new fund of £54,000 to help spruce up local areas across the Bay was made available so Ward Councillors and Community Partnerships can work together with their local communities to gather ideas of grass roots projects and proposals that this fund could be used on.

The English Riviera UNESCO Geopark has been awarded another four years membership of the expanding Global Geoparks Network, now 161 Geoparks in 44 countries supported by United Nations Educational, Scientific and Cultural Organisation. The designation acts as driver for education, community benefits, expansion of the tourism offer, and sympathetic regeneration.

- Thriving economy

Over £60 million in restrictions grants and business rates relief had been paid out to businesses in the Bay by the end of March 2021 to help mitigate the effects of COVID-19. Nearly 7,000 businesses were contacted directly about restriction grants, support and guidance throughout the pandemic.

A prime retail site in Torquay was purchased as part of our plans to regenerate Torbay's town centres. The acquisition meets the objectives of the Town Centre Strategy in supporting regeneration and improving the economy. The TDA assisted in the purchase which demonstrates our commitment to investing in Torbay.

During the 2020 summer season, to support hospitality businesses with their recovery plans, free short-term consents / temporary licensed lease agreements were offered by Torbay Council. This enabled the provision of outdoor customer seating in line with the social distancing guidelines at that time.

We have been allocated up to £13.36m Future High Streets Funding to start the transformation of Paignton town centre. The funding will enable infrastructure improvements, new homes at strategic locations and an enhanced cultural offer. The funding will also stimulate matched investment into Paignton town by other private and public investors, totalling more than £100 million.

Torquay has also been offered a Town Deal to unlock £21.9m investment from the Towns Fund to drive economic regeneration. The funding will be used to deliver projects from the Torquay Town Investment Plan to provide a better mix of uses, creating an improved experience and greater footfall in the town centre, support growth in public transport and are expected to attract additional private sector investment into the town.

As part of that Deal, Torquay received £750,000 in accelerated funding for several projects listed in the Town Investment Plan. This is to deliver long term economic and productivity growth as part of the Towns Fund. These projects will create an improved experience for people using these spaces and encourage footfall to these locations.

The Reopening High Streets Safely project in Torbay is continuing to look at ways to support businesses during this uncertain time. Local businesses are being supported in several ways, including guidance from a dedicated Information Officer.

A campaign delivered by TDA and Maybe* on behalf of Torbay Council will create a network of traders to support and promote shopping in Torbay. By encouraging safe shopping and giving customers rewards when shopping locally, both online and offline, the campaign will help consumers to ‘Discover your Town’ and drive spend to local companies.

Torbay’s Apprenticeship Steering Group worked with partners to deliver local events that supported the National Apprenticeship Week 2021 campaign. This included interactive information and virtual events online to support schools and students. The Group also recognised how employers of all sizes have stepped up during these challenging times.

- Tackling climate change

Torbay Council welcomed the award of £7.8m from Network Rail and the Department of Transport towards a new railway station in Torquay. The station at Edginswell will have a range of local benefits including creating quality travel opportunities by making better use of existing transport assets and helping to address emissions from road transport.

A new Resource and Waste Management Strategy which sets out how the Council will effectively manage household waste was approved in February 2021. It outlines a range of improvements to make the Bay cleaner and greener, with the priority of reducing source materials being produced.

Six temporary ‘pop-up’ footway and cycle schemes were put in place to help improve the local environment for those who want to walk and cycle more around the Bay, whilst maintaining social distancing. Using the Emergency Active Travel Fund, the main purpose has been to promote cycling as a replacement for journeys that were previously made on public transport.

Around 150 Giant Redwood Trees have been planted along Riviera Way as part of our commitment to improving the environment and to help reduce Torbay’s carbon emissions. Over time, the aim is to create an avenue of Giant Redwoods that will form part of the gateway into Torbay.

- A Council fit for the future

Torbay is one of just five Councils in the country to be shortlisted for the prestigious Co-op Council of the Year Award for our work during the pandemic. Community food resources and fundraising efforts were

brought together to create the Torbay Food Alliance. This approach is being built upon to create a strategic food partnership which will provide a long-term collaborative approach and will create a resilient local food system.

In April 2020, Torbay Council launched a new One Torbay email newsletter to provide people with regular and reliable updates on council services and activities, as well as celebrating Torbay more widely. It included information and advice about how the council and its partners were working for Torbay during the COVID-19 situation, as well as stories about the communities of the bay.

Torbay received prestigious awards for ten of its beaches. Seven were awarded the national Seaside Award for bathing and resort. Three other beaches were given a combined Seaside and Blue Flag Award by Keep Britain Tidy on behalf of the Foundation for Environmental Education.

After 10 years of TOR2 providing services including refuse collection and recycling for Torbay, these services were brought back in house from July 2020, with the establishment of a new wholly owned company named SWISCo. SWISCo's vision is to improve and sustain where we live and work by transforming service delivery.

Torbay Council launched an ambitious new in-house Learning Academy which represents a new investment in social worker professional development. The Academy will help our social care staff build their professional skills and futures with us and ensure our social workers are at the top of their profession. The Learning Academy's fundamental goal will be to develop social work practice to achieve excellent outcomes for Torbay's children and families.

A Community Engagement and Empowerment Strategy was developed during 2020 which outlines how the Council intends to meet its mission to be a Council that works in partnership with its residents, communities, and partners. The Strategy sets out how we propose to improve our community engagement and how we want to work alongside and empower the community in Torbay.

The second Torbay Community Conference was held virtually in September 2020. It was designed to build on the work established at the initial 2019 Community Conference. Torbay Council continues to be committed to developing a more engaged relationship with individuals and communities across the Bay.

The Local Outbreak Management Plan published in June 2020 details the measures put in place to help address COVID-19 outbreaks in Torbay and describes how we will work to prevent and manage any future outbreaks. Key to the Plan is partnership working between local authorities, health, police, schools, care homes, businesses, and key industry sectors such as tourism.

The Torbay Lottery raised £11k for the 2020/2021 Small Grants Fund pot and we have provided match funding of £11k to help communities recover from Covid-19. Local charity, voluntary and community sector organisations are invited to apply for a bid towards the costs of a specific activity or for the purchase of small items of equipment up to £2k.

A new enforcement team from National Enforcement Solutions have been appointed to clean up the Bay. Officers have the power to issue fixed penalty notices to anyone committing environmental crimes in Torbay. Initially they will be focusing on tackling littering, dog control, fly-tipping, graffiti, and abandoned vehicles.

Our Performance

- Thriving people
 - The number of looked after children fell slightly to 315 at the end of March 2021 from 357 in March 2020.
 - There were 161 Social Care referrals to Torbay Children’s Services during the month of March 2021. This is a large increase on the figure for the same period in 2020 (78).
 - The successful treatment of opiate users increased slightly to 5.9% in 2019 from 5.0% in 2018 but has not neared the 7.5% achieved in 2017. However, this latest figure is above the target of 5.6% which is the England average.
 - The percentage of physically active adults fell slightly from 69.8% in 2018/19. To 69.1% in 2019/20. However, this is above the target of 66.4% (England average).
 - The percentage of adults with a learning disability in paid employment was 8.3% at the end of March 2021. This is less than at the end of March 2020 (8.8%) but higher than the target of 7.0%.
 - The proportion of adults in contact with secondary mental health services who live independently rose from 49.2% at the end of March 2020 to 78.7% at the end of March 2021. This is above the target of 60.0%.
 - Numbers in temporary accommodation were 105 at the end of quarter 4 2020/21, just over half what they were for the same period the previous year (203).
- Thriving economy
 - Average earnings for Torbay are a way below the target figures (the Great Britain average). For 2020 earnings by residence for full time workers was £468.90 against the target of £587.10 and has fallen by £37.90 on Torbay’s figure of £506.80 for 2019.
 - Earnings by workplace was £490.30 against a target of £586.70 in 2020. Torbay has increased on the previous year’s average of £484.30 by £6. Great Britain’s average has increased by £0.30 this year.
 - The percentage of those claiming out of work benefits at the end of 2020/21 was 7.3% against the target of 6.5% (Great Britain’s monthly average). The lowest figure this performance indicator fell to over the year, was 6.9%.
- Tackling climate change
 - Residual household waste for quarter 4 2020/21 was at 136kg per household, a decrease on the same period of the previous year which was 143kg but above the target of 120kg.
 - Household waste sent for reuse, recycling and composting was at 37.70% for quarter 4 of 2020/21. This is a decrease when compared to the same period the previous year 40.25%, and below the target of 50.00%.
- A Council fit for the future
 - The number of corporate complaints logged by the Information Compliance Team in 2020/21 was 300. This equates to complaints from 2.2 people per 1000 residents in Torbay. It is much less than the previous year when 456 stage one complaints were logged.

- The percentage of corporate complaints that were dealt with on time fell to 33% for quarter 4 2020/21 from 83% for the same period the previous year. Over the whole of 2020/21, 54% of complaints were dealt with on time.

Coronavirus (COVID19)

The 2020/21 Accounts with a balance sheet date of 31 March 2021 are produced with the ongoing significant financial and performance uncertainty arising from the coronavirus pandemic. As the future economic and societal impact of the pandemic are all unknown, this uncertainty will influence any future look at Council's financial position.

During 2020/21 the Council due to its pandemic response incurred costs over a range of services in providing more services and supporting providers and its community. The Council's own income has been impacted including its income from car parking and council tax collection. To offset these costs and lost income the Council has received MHCLG un-ringfenced Covid support funding of £12m (of which £5m was received in March 2020) and over £2m compensation for lost "sales, fees and charges" income such as car parking. There was no support for reduced rental income. The Council's investment properties continued to generate a surplus, albeit reduced, however the diversification of the council's investment properties over several sectors provided protection. The Council also received significant additional grant funding for a range of Covid specific activities.

The Council acted as "agent" for central government in distributing over £60m of financial support to businesses during the year and actioned NNDR reliefs of £24m to the retail, leisure, and hospitality sectors.

The key areas of impact are as follows:

Provision of Services:

The Council has reacted to the pandemic in several ways. This has included the establishment of an excess death facility and support to the community included the supply of PPE, support to food banks and grants to voluntary organisations.

The key service impacted was adult social care in supporting providers and in particular care homes and joint working with health partners in relation to support and care for vulnerable adults.

Most schools in Torbay were closed for periods of the year apart from a low-level provision for children of key workers.

Several other services are impacted that are closely linked to travel restrictions and social isolation requirements. As examples Torre Abbey has been closed, along with some car parks, a number of events cancelled, and weddings not supported by the Registrars service.

The Council established a recovery group to ensure that services and the community can return to previous service provision levels as the pandemic permits.

COVID Grants

The Council received several COVID related grants for specific activities or support which are part of the Council's income and expenditure in 2020/21 and included where appropriate in Note 32. These included:

| | |
|-------|---|
| £1.6m | Hardship Fund to support council tax support scheme claimants |
| £5.0m | Infection Control Grant to support care providers |
| £0.1m | Reopening High Streets Fund |
| £0.9m | Test and Trace Grant |
| £0.2m | Emergency Assistance Grant |
| £0.1m | Surge Enforcement Funding |
| £0.2m | Clinically Vulnerable Support Grant |
| £3.1m | Contain Outbreak Management Fund |
| £0.5m | Winter Spend Grant |
| £0.5m | Rapid Testing grant for care providers |
| £0.4m | Workforce Capacity grant for care providers |
| £0.3m | Community Testing grant |
| £0.3m | Leisure (Operators) Support grant. |
| £1.8m | Discretionary Business Grants |
| £2.5m | Discretionary Business Restrictions Grant |

Acting as “agent” on behalf of the BEIS administered £37m of Business Grants and £24m of Business Restrictions Grants in 2020/21. On behalf of MHCG the Council administered £0.2m of Test and Trace isolation payments. To administer and make these payments was a significant task for the Council.

Council Workforce

The primary impact of the pandemic is that most staff worked from home. However, as the Council had invested in IT that supports flexible working this change has not had a fundamental impact on the work of the Council.

Several staff in services that were closed for periods of the year were redeployed to help with support for the community and increased volume of contact with the Council.

The Council has, to date, a very low level of staff absence due to Coronavirus.

Supply Chains

In addition to the issues for adult social care providers there have only been a few suppliers who have reported financial difficulty; however, the Council has complied with the Cabinet office guidance. Clennon Valley leisure centre and the Riviera Centre have been supported along with concessionary bus fare operators.

Collection Fund

The economic impact of the pandemic had an impact on the Council’s income from its collection fund – both council tax and business rates (NNDR). COVID restrictions resulted in Courts being shut until winter which limited the Council’s collection activity. In addition, the Council opted not to use enforcement agents until after the last step of the 2021 “roadmap”.

For Business rates, central government provided a 100% relief scheme for all businesses in the retail, leisure, and hospitality sectors of £24m which is about 2/3rds of the business rates due to be collected. Of the balance, collection was lower than expected with total NNDR arrears increasing in the year.

For Council Tax there was an increase in claims for Council Tax Support and a reduction in collection with total Council tax arrears increasing in the year.

Central Government provided some compensation for irrecoverable losses such as higher CTSS claims. To mitigate the impact of the possible losses from collection, legislation has been passed to allow Council's to spread the cost of these losses over the next three financial years. (The Local Authority (Collection Fund Surplus/Deficit) (Coronavirus) Regulations 2020 (SI 2020/1202)). To mitigate this cost the Council has allocated £3.5m to a Collection Fund reserve in 2020/21.

Reserves, financial performance and financial position

As a result of the impact of the pandemic, the council revised its budget in July 2020 for 2020/21 to reflect the areas of increased spend and lost income offset by central government support. Subsequent 2020/21 budget monitoring was compared to this revised budget.

The full ongoing financial impact of the pandemic of the council in 2021/22 and future years is uncertain. The Council's 2021/22 budget included £8m of costs and lost income related to the ongoing economic impact of the pandemic. The Council's latest Medium Term Resource Plan assumes an ongoing, but reducing, financial impact of the pandemic.

As a result of its revenue outturn position, in addition to the £3.5m allocated to a collection fund reserve, the Council has also allocated £1.6m to a COVID reserve and has carried forward any COVID related grants that were unspent as at year end.

Given the uncertainty over the level of government support, the full level of additional expenditure and the full impact on income the impact on the council's reserves and financial position is not known. However, the Council will continue to monitor and report on the financial impact and will include the consideration of any impact in future years in its medium-term financial planning.

Our Financial Performance

Financial Context

Torbay Council is responsible for managing cash flows and assets of over £1 billion.

The Council:

- Collects £89m of Council Tax (£86m 19/20) which is an in-year collection rate of 95.1% (95.7% 19/20) and £10m (£32m 19/20) of National Non-Domestic Rates (Business Rates) which is an in-year collection rate of 88.0% (95.1% 19/20).
- Holds over £600m of non-current assets including of £338m operational assets for delivering services, £34m of heritage assets and £203m of investment property which generates a gross rent of £13m annually.
- In 2020/21 spent over £27m on capital projects and loans for a capital purpose funded from capital receipts, grants, contributions and borrowing.
- In 2020/21 spent over £350m on its revenue budget (its day to day spend) on a wide range of services.
- Generates over £50m of fees, charges, rental, and other income used to fund the delivery of its services

On a national level changes in funding, services and legislation by the Government continue to impact on the Council, its partners, and residents. The national financial impact of the pandemic – up to £400 billion has shortened central government financial planning. It is still very uncertain what the Council’s future funding will be in future years. For 2020/21 and again for 2021/22 there was a one year “Spending Round” which did give an inflationary increase in funding to local government plus additional funding for social care. The 2019 national Spending Review which would have allocated the total central government funding for local government for three years has been delayed to 2021. MHCLG intends to introduce a new funding formula to allocate the total funding between councils and have issued several consultation documents on the design of the formula which the Council has responded to. In addition, MHCLG intends to introduce a 75% NNDR retention system in which local Councils bear 75% of the risks/reward of changes in local NNDR income and have, again, issued several consultation documents on the design of the scheme. However, the implementation of both changes has again been delayed to 2022/23 at the earliest.

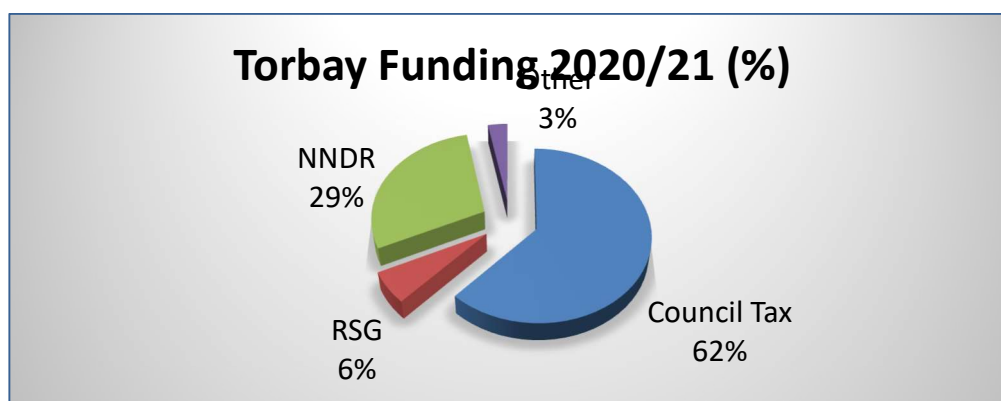
Revenue Budget 2020/21

In February 2020, the Council set a budget for 2020/21 of £116m (compared to a budget of £111m in 2019/20). As part of the budget the Council increased its childrens’ social care budget by over £9m which included £2m of investment in the service. This required budget reductions in other services to achieve a balanced budget. There is also an estimated funding gap up to £14m for the following three years from 2022/23. The Council has already started the process of meeting the significant financial challenges through identifying and implementing service changes and income generation opportunities, and, in some case, service reductions.

The Council raised its level of Council Tax by 3.99% which included a 2% “precept” for adult social care. This resulted in the Council setting its share of the Council Tax for a Band D property at £1,563.01, (£1,503.04 19/20).

The table below shows how the Council’s revenue budget was funded in 2020/21.

| | 2019/20 | 2020/21 |
|--|---------|---------|
| | £ m | £ m |
| Net Budget Requirement | 111 | 116 |
| New Homes Bonus and other general grants | (1) | (1) |
| NNDR Rate Retention | (33) | (34) |
| Revenue Support Grant | (6) | (7) |
| Council Tax | (69) | (72) |
| Collection Fund (surplus)/deficit | (2) | (2) |

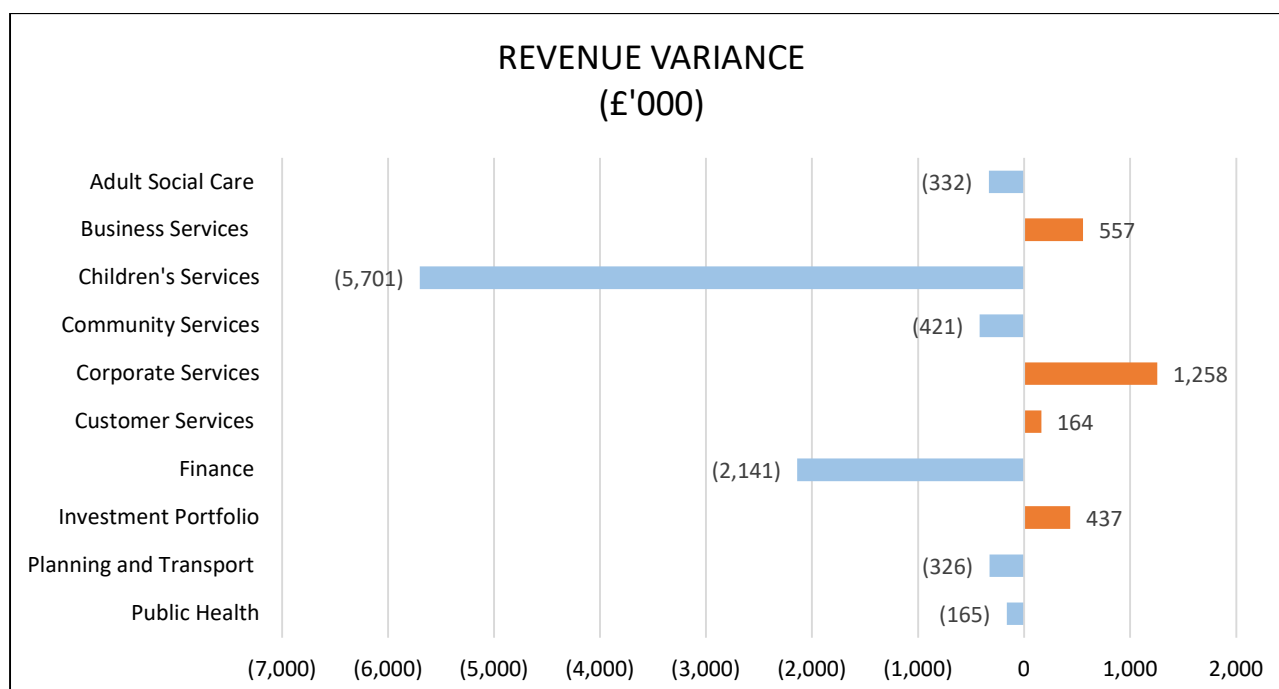
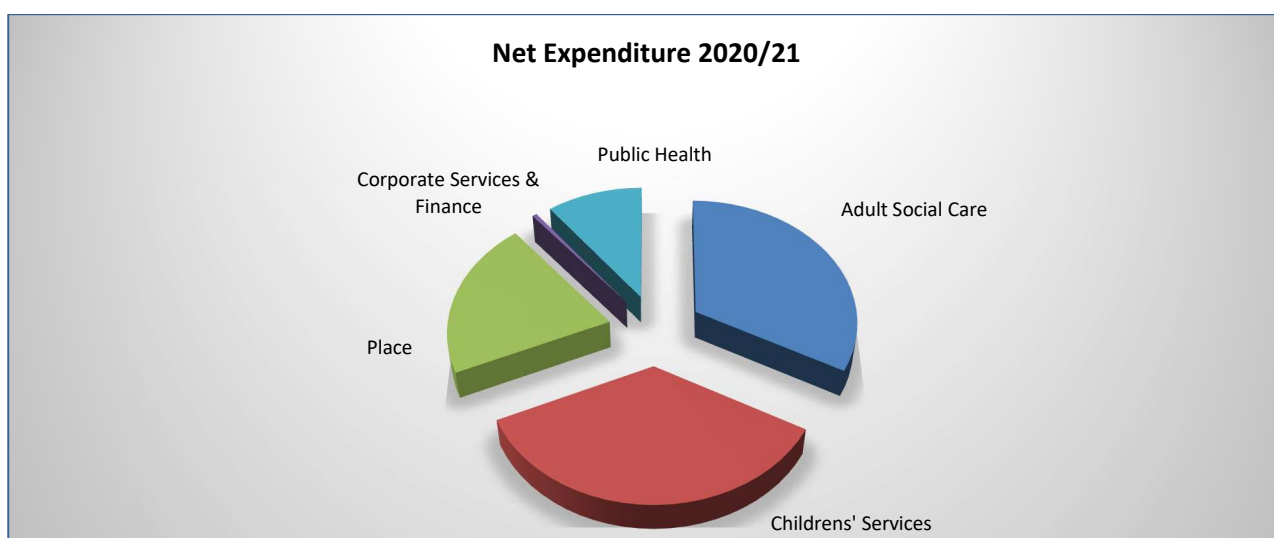


Council Spending in 2020/21

The table below provides a summary of the budget and expenditure by service in 2020/21, together with the variances against each budget at the end of the year compared to the revised 2020/21 budget. The charts below show the net expenditure by service and the budget variance at 31 March 2021.

| Torbay Council Revenue | Budget | Outturn | Variance |
|--|------------------|------------------|-----------------|
| Q4 2020/21 | £000s | £000's | £000's |
| 1. Adult Social Care | 38,907 | 38,575 | (332) |
| 2. Public Health | 10,392 | 10,227 | (165) |
| 3. Children's Services | 47,321 | 41,620 | (5,701) |
| 4. <i>Community Services</i> | 2,748 | 2,327 | (421) |
| 5. <i>Corporate Services</i> | 4,369 | 5,627 | 1,258 |
| 6. <i>Customer Services</i> | 2,880 | 3,044 | 164 |
| 7. <i>Investment Portfolio</i> | (4,641) | (4,204) | 437 |
| Sub Total – Corporate Services | 5,356 | 6,794 | 1,438 |
| 8. <i>Finance</i> | (4,032) | (6,173) | (2,141) |
| 9. <i>Central COVID costs & grants</i> | (6,223) | (3,623) | 2,600 |
| Sub Total – Finance | (10,255) | (9,796) | 459 |
| 10. <i>Business Services</i> | 16,816 | 17,373 | 557 |
| 11. <i>Planning and Transport</i> | 7,331 | 7,005 | (326) |
| Sub Total - Place | 24,147 | 24,378 | 231 |
| Revenue sub total | 115,868 | 111,798 | (4,070) |
| Sources of Finance | (115,868) | (121,720) | (5,852) |
| Revenue total | 0 | (9,922) | (9,922) |

| Additional Items | £'000 |
|-------------------------------------|--------------|
| 12 Transfers per Budget 2021/22 | 7,100 |
| 13 Transfers to earmarked reserves | 2,700 |
| 14 Balance to General Fund | 122 |
| Net Overspend / (underspend) | 0 |



The two “headlines” for 2020/21 were the underspend in children social care which was the result of the investment and improvements in the service over the past two years. There was both a reduction in total

looked after children and, within the total of looked after children, the number of children in residential care was halved by the transfer of the child to alternative care. The second key factor was the impact of the pandemic on the council income and expenditure and the subsequent levels of financial support from central government.

The schools' higher needs block in the Dedicated Schools Grant (DSG) continues to be under financial pressure because of an increasing level of referrals from schools for higher needs support for children. For 2020/21 there was an overspend of £2.0, after the one off £0.5m "disapplication" transfer of funds between the funding blocks in the DSG.

The Council does not receive any funding for schools therefore the overspend will remain in the DSG to be funded in future years and is not a cost that the Council will fund. As a result, the DSG reserve is a £5.8m deficit by the end of 2020/21. This reserve, under statutory instrument, is now reported for 2020/21 and the following two years as an unusable reserve. Despite this reclassification on the balance sheet the deficit remains to be funded.

Overall, the Council's financial performance in 2020/21 was an underspend of £9.9m that has primarily been transferred to reserves of which £5.1m is specifically related to earmarked reserves for future COVID costs and COVID related lost council tax and business rate income.

Capital Plan

The Council spent £27m on capital expenditure in 2020/21 (£115m 19/20) of which nil (£67m 19/20) was Investment Properties and £2m loans for a capital purpose (£10m in 19/20). This spend was funded as shown in the table below.

| | Revised Budget | Outturn | Variation |
|------------------------------------|----------------|-----------|-------------|
| | £ m | £ m | £ m |
| Unsupported (Prudential) Borrowing | 21 | 14 | (7) |
| Grants | 18 | 12 | (6) |
| Other Contributions | 1 | 1 | 0 |
| Revenue and Reserves | 1 | 1 | 0 |
| Capital Receipts | 1 | (1) | (2) |
| Total Funding | 42 | 27 | (15) |

Of the £27m, £21m was added to the value of the Council's non-current assets (before any in-year revaluation) – these are primarily land, buildings, and investment properties. The balance of £6m was capital expenditure on assets the Council does not recognise as its own (such as academy schools), capital grants and loans for a capital purpose. A summary of capital expenditure in 2020/21 is shown below.

| Corporate Plan Theme | Examples of 2020/21 Schemes | Spend £m |
|----------------------------|--|-------------|
| Thriving People | Loans to subsidiary for housing, disabled facilities grant, expansion of building at a number of schools | 7 |
| Thriving Economy | Harbour View hotel, Claylands, Debenhams purchase and highway improvements | 17 |
| Tackling Climate Change | Purchase of vehicles for recycling and waste collection | 2 |
| Council Fit for the Future | Capital repairs and loan to subsidiary | 1 |
| Total | | 27 |

Torbay “Group” Companies – Overview of Financial Performance

The Council has interests in several companies as shown in the table below which also includes an overview of these companies’ financial performance in the year, based on draft 2020/21 accounts. On 1st July 2020 SWISCo, a subsidiary company of the Council, started operating taking on the services previously provided by TOR2. During the year both TorVista Homes, which achieved “Registered Provider” status in March 2021, and TEDC Developments to construct and rent affordable housing became operational. In addition, the Council took control of the board of the Riviera International Conference Centre company after the resignation of the previous board linked to the new contract for the operation of the Centre.

| Entity | Assessed Relationship | Council Shareholding /Control | Turnover £m | Surplus/ (Deficit) for year £m | Property, Plant & Equipm’t £m | Net Equity £m |
|---|--|-------------------------------|----------------|---|--|------------------|
| TDA Group: Torbay Economic Development Company Ltd, trading as TDA. Includes: TDA, Kings Ash Holdings, Complete Facilities Management Services, C & A Consultancy, Business Centres South West, TEDC Developments and Torvista Homes. | Subsidiary (Consolidated for the TDA Group) | 100% | 9.1 | 0.5 | 15.4 | 7.2 |
| SWISCo limited (South West Integrated Services Company) | Subsidiary | 100% | 11.8 | (13.3) | 0.8 | (13.3) |
| Riviera International Conference Centre limited | Subsidiary | 100% | 0.3 | 0 | 0 | 0 |
| TOR2 Ltd – year to 30 June 2020 | Associate | 19.99% | 13.3 | (1.4) | 0.2 | (2.8) |
| CSW Group Ltd | Associate | 25% | 6.6 | (11.0) | 0 | (19.9) |

The Council has also produced group accounts. For the year 2020/21 the values of the Council’s subsidiaries assets and liabilities in relation to the Council’s own balance sheet are relatively small (under

3% of Council's non-current assets).

Schools

In September 2020 Brixham Church of England Primary School converted to academy status. The Council, as at 31 March 2021, has 8 schools (9 in 19/20) that are reflected in the Council's accounts, both within its Income and Expenditure Statement and its Balance Sheet. These are 5 primary schools, 2 secondary schools and 1 special school. The 8 schools by "ownership" are five community schools, one voluntary aided and two foundation. These schools are funded by the Dedicated Schools Grant which for 2020/21 is £41m compared with £40m in 2019/20. The level of earmarked school reserves as at 31 March 2021 is £1.4m compared with £0.1m in 2019/20. Further detail on school asset recognition and the use of Dedicated School Grant in 2020/21 are included in the notes to the accounts.

Economy, efficiency and effectiveness in its use of resources

The Council reports on its financial performance and economy, efficiency, and effectiveness in its use of resources over the financial year in several reports. Reports presented to the Council's Audit Committee. Including:

- Internal Audit's Annual Report and mid-year review
- Annual Governance Statement
- External Audit's Audit Findings Report including a value for money conclusion
- Review of risk management
- Review of Council performance based on a basket of indicators.

Audit Committee agenda and minutes are available on the Council's website

The Council publishes extensive information on its expenditure including details of payments in excess of £500 and details of the Council's pay policy can be found on the council's web site.

Overview of Financial Performance in 2020/21

This was a very challenging financial year for the Council from the impact of the pandemic on both its expenditure and income. The Council revised its budget in July to reflect the anticipated financial impacts on its income and expenditure. The risk associated with this impact was mitigated during the year by MHCLG providing more funding to the Council including a 75% sales, fees, and charges income compensation scheme.

In addition, as discussed earlier the Council was allocated a significant number of pandemic funding for specific activities and acted as "agent" for the distribution of over £60m of support for businesses and £24m of NNDR relief for the retail, leisure, and hospitality sector.

The Council is a partner in an agreement with the Torbay and South Devon NHS Foundation Trust (which operates as an Integrated Care Organisation providing adult social care services for Torbay Council as well as community and adult health services) and the Devon Clinical Commissioning Group. In 2019/20 a three-year agreement was agreed for the three years from 2020/21 where the Council pays a fixed amount to the ICO which provided all partners with financial certainty.

As a direct result of the HM Treasury consultation of the use of borrowing from the PWLB "primarily for yield" the Council has now stopped purchases from its Investment Fund. The budgeted net surplus in 2020/21 was £4.6m.

The Council has had a long-held aspiration to support affordable housing. In July 2019 Council agreed to

use its existing subsidiary TDA to develop and then rent affordable housing. TDA set up Torvista Homes and TEDC Developments as subsidiary companies to deliver these houses. In March 2021 Torvista Homes achieved “registered provider” status from Homes England. As at end of March 2021 these companies had both started to incur expenditure and Torvista had purchased several properties funded from government grants and borrowing from the Council.

In previous years, Council schools converted to Academy status and are now fully independent of the Council. In Torbay, by 31st March 2021, a total of 32 schools had converted with one further conversion in 2020/21.

The Council’s gross expenditure in the year was over £350m for revenue (day to day) spend and £27m for capital (spend on long term assets such as roads and schools).

The Council’s employees can be members of the Devon County Council Local Government Pension Scheme. As a defined benefit scheme, the Council is liable for any surplus or deficit on the fund. The Council’s liability is calculated on an annual basis by the fund’s actuary. This value estimates the liability of the Council if all liabilities were to be realised at a point in time. The impact on the Council is spread over a long period of time (i.e., over current, and future pensioners lives) with the Council reducing the deficit by its employers’ contributions to the fund over the long term (over 14 years from April 2020). A triennial review of the fund took place as at 31st March 2019 with changes to the Council’s employer contribution rate from April 2020 resulting in an increased “primary rate” more than offset by a lower “secondary” rate.

The Council’s net pension liability as at 31st March 2021, as calculated under IFRS19 which is a different basis to the triennial review, is assessed at £211m which is a £43m increase over the previous year (compared to a £11m decrease in 19/20). This is primarily due to an increase in the liability of £114m primarily due to actuarial changes in financial assumptions offset, in part, by an increase in the value of the assets of £71m primarily due to increased returns on those assets as at 31st March 2021.

There were significant changes in Torbay’s economy arising from the pandemic. These were offset in part by the significant support to businesses from central government. These changes impacted on several of the council’s income streams such as car park income and local tax collection.

As economic conditions in 2020/21 were significantly impacted there have been changes in some of the Councils’ rented property values.

The “Brexit” national changes from January 2021 did not appear to have an impact on the Council’s financial position, although the Council will continue to monitor any impact.

For 2020/21 there were not any changes in IFRS that impacted on the accounting policies relevant to Torbay’s accounts. The introduction of a new standard for leases (IFRS16) has again been deferred, this time to 2022/23.

The Council’s Comprehensive Income and Expenditure Statement (CIES) is the Councils income and expenditure presented on an IFRS basis. This includes earlier recognition of grants, based on conditions attached to the grant rather than matching the grant to expenditure and several “noncash” items such as depreciation and pension assumptions, which should then allow the Council’s accounts to be comparable to other sector accounts. The total for the Provision of Services for 2020/21 is a deficit of £12m (£12m 19/20). The key reason for this deficit is depreciation and impairment charges of £17m.

The total from the Comprehensive Income and Expenditure statement is reflected in the Movement of Reserves statement which then adds the impact of any reserve movements to usable reserves and unusable reserves to get to the “bottom line” Council position for 2020/21. Within this is the reversal of a

number of accounting entries made under IFRS that appear in the Council's Comprehensive Income and Expenditure statement such as depreciation and pension assumptions, which are allowed, under statute, to be reversed to ensure that these entries do not have a "cash" impact on the Council Taxpayer. After these adjustments the Council's net outturn for the year was a break-even position, which matches the Council's management financial reporting position. This statement shows that the Council's usable reserves had a net increase of £30m. This was primarily a net increase of £6m from capital grants, capital receipts (including deferred capital receipts) to fund capital expenditure in year and a net increase in earmarked revenue reserves of £23m linked in part to an increase in unused ring-fenced grants as at year end.

On the balance sheet there were some significant changes in year. There was a net increase of £35m in the value of the Council's current assets offset by a £31m increase in the value of the Council's current liabilities mostly due to COVID related grants and funding. There was a £43m increase in the Council's net pension liability primarily arising from changes in actuarial assumptions used to calculate the liability. The Council's General Fund reserve increased to £5.7m, which is equivalent to 5% of the Council's 2021/22 net revenue budget.

The cash flows associated with central government COVID funding have resulted in several items on the balance sheet that are higher than normal. These include in creditors £13m of business grants received by the Council "acting as "agent" in 2020/21 but not spent, £11m of S31 NNDR compensation grant due to MHCLG and in earmarked reserves £12m of S31 NNDR grant which is included on a short-term basis to match the grant to the year in which the cost is recognised in the Collection Fund and by £5.1m for two COVID specific reserves for future costs and lost income in the Collection Fund.

Overall, the Council's net assets were lower than the previous year by £38m resulting in a negative net worth of (£1.7m) compared to £37m in 2019/20. Of the increase £43m related to the net increase in the Council's pension liability.

As a result of a change in legislation (The School and Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations SI 2020/1212) the accumulated negative balance in the Dedicated School Grant of £5.8m has now been reclassified as an unusable reserve to better reflect that, although the negative balance is included on a council's balance sheet, it is not a liability the council has to fund.

Torbay has a negative net worth position primarily because of the pension liability. This doesn't mean Torbay is not a going concern. Councils are required to operate within the framework set out in the Local Government Acts and Torbay will continue to budget for a positive General Fund balance but is not required to maintain a positive net worth. (When a Council has a negative net worth, this indicates that future taxpayers (whether through Council Tax or indirectly through government grants) will be funding some of the cost of providing services in the past.) The Pension Liability of £211m does not represent an immediate call on the Authority's reserves and is a snap-shot valuation in time based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term. This 'snapshot' approach to valuing the pension deficit is very volatile as the changes in the value of liability over the past few years in the Council's accounts has illustrated.

In terms of the Council as a going concern, it is expected that future cash flows, aligned with authority's budget processes, will provide sufficient resources to finance future liabilities as they fall due.

Forward Financial look

The Council has a rolling three-year Medium-Term Resource Plan which supports service planning for future years.

The ongoing impact of the pandemic is expected to result in higher costs and lost income. The Council's

2021/22 budget included £8m of COVID related costs and lost income. The impact of these is forecast to reduce over the next few years but there could be a longer-term impact on some income and costs such as Council Tax support scheme claims, car park and rental income.

In the absence of a three-year Spending Review, the Government has again provided details of Revenue Support Grant to the Council for just one year. The Spending Review is now expected to be in 2021 and for at least three years, which should help the Council's ability to effectively plan. Inevitably the central government expenditure on the COVID pandemic along with the expected significant economic downturn will have an impact on the national fiscal position which could impact on future year local government funding settlements.

In addition, MHCLG have also delayed the introduction of a new funding formula to allocate the total funding between councils to 2022/23 at the earliest. The proposed new 75% NNDR retention system in which local Councils bear 75% of the risks/reward of changes in local NNDR income has also been delayed to 2022/23 at the earliest.

The Medium-Term Resource Plan (April 2021 update) provides details of the number of significant issues and risks that are impacting on the Council, its finances, and its service delivery:

In addition to the significant funding uncertainties listed in the overview section of this plan in particular the Spending Review 2021 review, new funding formula and impact of 75% NNDR retention and the potential changes in services currently now provided by SWISCo, other significant financial planning risks that may affect the projections are likely to be:

- Inflation runs at a much higher rate than the rates that have been assumed,
- Borrowing costs are higher than anticipated in any Business case for capital expenditure.
- Income projections built into the budget may not be achievable due to factors outside of the council's control e.g., a worsening economic outlook, further reduction in investment yields.
- Ongoing demand and cost of social care both Children's and Adults.
- Ongoing impact of COVID on Council services and income
- Impact of major changes in Adult Social Care such as the future "Green Paper" and the future of the Better Care Fund.
- Achievement of the Council's transformation projects in both their timing and income target
- Potential revenue costs of major capital schemes and the risk of overspends on major capital projects.
- Risk of achievement of income targets on major capital investment projects, those funded from prudential borrowing where there is a known additional MRP and interest cost.
- Achievement of 2021/22 and future year budget savings
- Financial Performance of the Integrated Care Organisation and the Council's future adult social care cost.

- 2023 Pension actuarial Review
- Future year increases to the Living Wage
- Collection fund balances – collection of NNDR and Council Tax
- Risk of exposure of any major legal claims against the Council
- Impact of the Devon-wide NHS changes on Torbay
- Impact from the TDA and its related companies’ expansion into new trading areas including housing
- Impact of major schemes linked to Regeneration
- Impact of Council ownership of SWISCo
- Impact of Ofsted judgement of “inadequate” for children’s social care
- Reserve levels “resilience” to future financial pressures

The combination of uncertainty of funding and rising demand is a major challenge for the Council as, to achieve the savings required, there will be an impact on the quantity and quality of services the Council will be able to provide in the future. The forecast level of savings required to achieve a balanced budget for 2022/23 to 2024/25 is over £14 m.

The Medium-Term Resource Plan provides a summary of projected revenue income and expenditure for the next three financial years.

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|----------|----------|-----------|-----------|
| | £m | £m | £m | £m |
| Revenue Support Grant, NNDR & Council Tax | (116) | (117) | (118) | (120) |
| Estimated Expenditure | 116 | 122 | 131 | 134 |
| Total Estimated Cumulative Funding Gap | 0 | 5 | 13 | 14 |
| In- year Funding Gap | 0 | 5 | 8 | 1 |

To meet this ongoing challenge the Council had previously established a Transformation Board and a Redesign Board to bring forward and implement a range of transformation projects aimed at meeting the required budget reductions but also, where possible, improve service performance. The Transformation Board considers a wide range of projects which could result in alternative service delivery, alternative levels of service provided and/or service providers.

The Council has an approved Capital Plan that is updated throughout the year with any new funding or schemes. A summary of capital spend (as approved by Council in February 2021) over the next three years, is summarised below.

| | 2021/22 | 2022/23 | 2023/24 |
|---------------------------|---------|---------|---------|
| | £m | £m | £m |
| Total Capital Expenditure | 125 | 106 | 28 |

In March 2020 HM Treasury issued a consultation and, in November, a response on changes to PWLB borrowing terms with the purpose of stopping councils borrowing to invest in commercial property (“debt for yield”) and CIPFA subsequently issued a statement that requested that the “spirit” of the consultation is adhered to with immediate effect. As a result, the Council ceased to purchase commercial property itself and the Capital plan was reduced by £65m.

Borrowing and Investments

The Council undertakes borrowing to support its capital expenditure. As at 31 March 2021 the Council had £392m of borrowing, primarily from the Public Works Loans Board, a decrease of £3m in year. In addition, it had a long-term liability of £5m to the PFI contractor for The Spires (formerly Westlands) and Homelands schools and a liability of £12m in relation to the Council’s share of the Energy from Waste Facility in Plymouth. The Council had £77m (£66m in 2019/20) of cash investments at year end with a net debt position including PFI liabilities of £332m (compared with £347m in 2019/20).

The cash levels were higher in the year primarily because of the timing of the receipt and spend of pandemic related funding. In addition, the Council’s capital expenditure in the year was lower than in recent years which resulted in no need to borrow in year.

The control over the level of Council borrowing is supported by the Prudential Code where the Council has to set limits in relation to its treasury management including limits for long-term borrowing and liabilities to ensure that this is prudent and affordable. One of these indicators is a calculation called the Capital Financing Requirement which shows the Council’s underlying need to borrow based on previous decisions on capital expenditure and borrowing offset by any repayment of principal made or other capital funding used. The key figures, in relation to borrowing and capital financing, are as follows:

| | 31 March 2020 | 31 March 2021 |
|---|---------------|----------------|
| | £m | £m |
| Balance Sheet Values: (principal) | | |
| External Borrowing * | 395 | 392 |
| Long Term Liabilities (PFI) | 18 | 17 |
| External Investments * | (66) | (77) |
| Net Debt | 347 | 332 |
| Treasury Management Limits: | | |
| Capital Financing Requirement | 413 | 420 |
| Authorised Limit | 520 | 710 |
| Operational Limit | 470 | 590 |
| | | |
| Revenue Income & Expenditure: | 2019/20 | 2020/21 |
| Interest Receivable (from treasury management activity) | (1.3) | (0.5) |
| Interest Payable | 10.8 | 11.8 |
| MRP Repayment (including PFI) | 5.3 | 7.2 |
| Ratio of net financing costs to net revenue (excluding revenue contributions to capital). | 13% | 16% |

* note: these costs are per Treasury Management outturn report which excludes the accounting adjustments required for statutory reporting such as fair value adjustments.

The level of Council borrowing reflects the Council's capital financing requirement plus the borrowing required by the approved four-year Capital Plan. The Council's investments and other cash holdings are sufficient to meet the Council's short term cash requirements for revenue expenditure and any "cash backed" balance sheet items such as reserves and working capital. Additional borrowing to finance the Council's approved capital plan will be required as schemes, financed from borrowing, progress. These include regeneration schemes and potential finance required for the Council's housing strategy.

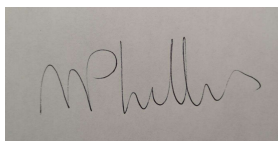
Significant Provisions, contingencies, or insurance contracts

The Council has provisions at year end of £4.6m (£5.1m in 19/20). These are primarily in relation to insurance claims (submitted to the Council but are currently being investigated) and in relation to the Council's share of NNDR appeals.

The Council has given several pensions guarantees as Council staff transferred to other bodies. These are a type of derivative liability and are unlikely to result in a cash payment if the other body is solvent. The Council has given a pension guarantee to TDA whereby the Council has assessed a liability to the value of the TDA's IAS19 pension valuation. As owner or part owner of several limited companies the Council has some exposure to risk, but this is limited by share or guarantee.

Signed by:

Dated: 03 April 2023

A rectangular box containing a handwritten signature in black ink. The signature appears to be 'M Phillips'.

Martin Phillips
Director of Finance
Torbay Council

STATEMENT OF ACCOUNTS 2020/21

STATEMENT OF ACCOUNTS 2020/21

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FINANCIAL CERTIFICATES

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:-

- ◆ to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Council's Chief Finance Officer
- ◆ to manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets
- ◆ approve the Statement of Accounts

Audit Committee Approval of the Statement of Accounts 2020/21

I confirm that the Council completed its approval process of the Statement of Accounts 2020/2021 on the 6 December 2021 at a meeting of the Council's Audit Committee.



Councillor Robert Loxton
Chair of Audit Committee
03 April 2023

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (Code of Practice).

In preparing this Statement of Accounts, the Chief Finance Officer has:-

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent;
- ◆ complied with the Code of Practice.

The Chief Finance Officer has also:-

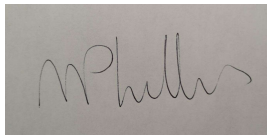
- ◆ kept proper accounting records which were up to date;
 - ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities.
-

The Chief Finance Officer's Statement

The Statement of Accounts as required by the Accounts and Audit Regulations is set out on pages 26 to page 131 and has been prepared in accordance with the accounting policies which are set out, if significant, on pages 106 to 119. In my opinion it is a true and fair view of the financial position of the Council at 31st March 2021 and its income and expenditure for the year ended 31st March 2021.

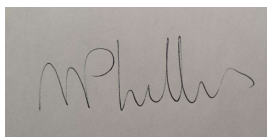
The accounts are audited by the Council's External Auditor, Grant Thornton LLP.

The Statement of Accounts 2020/21 were authorised for issue on the 31 July 2021. This is also the date up to which events after the balance sheet date have been considered.



Martin Phillips
Chief Finance Officer
31 July 2021

The Statement of Accounts 2020/21 were authorised for approval by Members on the 6 December 2021 and for publication once the audit opinion has been received. This is also the date up to which events after the balance sheet date will be considered.



Martin Phillips
Chief Finance Officer
3 April 2023

Independent auditor's report to the members of Torbay Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Torbay Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Summary Account, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2021 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority or group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Director of Finance with respect to going concern are described in the 'Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements' section of this report.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception.

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained in the Financial Certificates, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant, which are directly relevant to specific

assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003, the Local Government Act 1972, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.

- We enquired of senior officers and the Audit Committee, concerning the group and Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - Journals posted by users with administration access rights
 - Material management estimates and judgements
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Director of Finance has in place to prevent and detect fraud;
 - journal entry testing, with a focus on unusual and high risk journals, including those identified as those posted by senior personnel, those with administration rights on the system, those made by unusual posters or in unusual accounts combinations;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pensions liability valuations, treatment of pension guarantees;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, investment property, treatment of pension guarantee and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector

- understanding of the legal and regulatory requirements specific to the Authority and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors.

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Torbay Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: *Paul Dossett*

Paul Dossett, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date: 05 April 2023

Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the “accounting” cost. The taxation position is shown in the Movement in Reserves Statement.

| 2019/20 | | | | | | 2020/21 | |
|-----------|--------------|---------|--|--------------|--------------|----------------|----------------|
| Gross Exp | Gross Income | Net Exp | Services | Note | Gross Exp | Gross Income | Net Exp |
| £m | £m | £m | | | £m | £m | £m |
| 46.9 | (14.2) | 32.7 | Adults' Services | | 53.7 | (14.4) | 39.3 |
| 101.8 | (54.6) | 47.2 | Childrens' Services | | 101.1 | (53.7) | 47.4 |
| 68.8 | (57.8) | 11.0 | Corporate Services | | 65.6 | (57.1) | 8.5 |
| 8.2 | (16.6) | (8.4) | Finance | | 32.2 | (35.5) | (3.3) |
| 55.7 | (21.6) | 34.1 | Place | | 48.7 | (19.3) | 29.4 |
| 9.0 | (0.2) | 8.8 | Public Health | | 8.4 | 0 | 8.4 |
| 290.4 | (165.0) | 125.4 | Cost of Services | | 309.7 | (180.0) | 129.7 |
| 3.5 | (3.5) | 0 | Other Operating Income & Expenditure | See ** below | 6.8 | (2.8) | 4.0 |
| 29.2 | (18.4) | 10.8 | Financing and Investment Income and Expenditure | 11 | 38.3 | (29.5) | 8.8 |
| 0.1 | (124.3) | (124.2) | Taxation and Non-Specific Grant Income and expenditure | 12 | 0 | (130.2) | (130.2) |
| 323.2 | (311.2) | 12.0 | (Surplus)/Deficit on Provision of Services | | 354.8 | (342.5) | 12.3 |
| | | (7.6) | (Surplus)/Deficit on revaluation on Non-Current Assets (PPE) | 26 | | | (8.4) |
| | | 2.2 | Impairment losses on non-current assets charged to the revaluation reserve | 26 | | | 3.6 |
| | | (15.4) | Remeasurement of net defined pension liabilities | | | | 30.8 |
| | | (20.8) | Other Comprehensive Income and Expenditure | | | | 26.0 |
| | | (8.8) | Total (Surplus)/Deficit in Comprehensive Income and Expenditure | | | | 38.3 |

Note ** - includes Brixham Town Council precept of £355,006

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

| 2019/20 | General Fund Balance | Earmarked General Fund Reserves | Sub Total Revenue Reserves Restated | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves Restated | *Unusable Reserves Restated | Total Council Reserves |
|---|-----------------------------|--|--|---------------------------------|---|---------------------------------------|------------------------------------|-------------------------------|
| | £m | £m Note 10 | £m | £m Note 9 | £m Note 9 | £m Note 25 | £m Note 26 | £m |
| Balance as at 31st March 2019 brought forward | 4.6 | 31.0 | 35.6 | 0.8 | 8.7 | 45.1 | (17.3) | 27.8 |
| Movement in Reserves during 2019/20 | | | | | | | | |
| Surplus or (deficit) on provision of services (accounting basis) | (12.0) | 0 | (12.0) | 0 | 0 | (12.0) | 0 | (12.0) |
| Other Comprehensive Expenditure and Income (see C I&E Statement) | 0 | 0 | 0 | 0 | 0 | 0 | 20.8 | 20.8 |
| Total Comprehensive Expenditure and Income | (12.0) | 0 | (12.0) | 0 | 0 | (12.0) | 20.8 | 8.8 |
| Adjustments between accounting basis & funding basis under regulations (Note 9) | 14.2 | 0 | 14.2 | (0.4) | 1.1 | 14.9 | (14.9) | 0 |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 2.2 | 0 | 2.2 | (0.4) | 1.1 | 2.9 | 5.9 | 8.8 |
| Transfers (to)/from Earmarked Reserves (Note 10) | (2.2) | 3.3 | 1.1 | 0 | 0 | 1.1 | (1.1) | 0 |
| Increase/(Decrease) in Year | 0 | 3.3 | 3.3 | (0.4) | 1.1 | 4.0 | 4.8 | 8.8 |
| Balance as at 31st March 2020 carried forward | 4.6 | 34.3 | 38.9 | 0.4 | 9.8 | 49.1 | (12.5) | 36.6 |

*Note: Under statute the balance on the 'Dedicated Schools Grant Deficit Reserve' has been transferred to the 'Dedicated Schools Grant Adjustment Account', this account is classified as an unusable reserve. Under the School and Early Years Finance (England) Regulations 2020 as part of the ring-fenced dedicated schools grant (DSG), this deficit cannot be funded from Council general fund but will need to be funded from future year DSG.

Deferred Capital Receipts have been reclassified as Unusable Reserves.

Movement in Reserves Statement

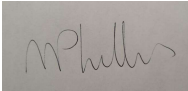
| 2020/21 | General Fund Balance | Earmarked General Fund Reserves Restated | Sub Total Revenue Reserves | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Council Reserves |
|---|-----------------------------|---|-----------------------------------|---------------------------------|---|------------------------------|--------------------------|-------------------------------|
| | £m | £m Note 10 | £m | £m Note 9 | £m Note 9 | £m Note 25 | £m Note 26 | £m |
| Balance as at 31st March 2020 brought forward | 4.6 | 34.3 | 38.9 | 0.4 | 9.8 | 49.1 | (12.5) | 36.6 |
| Movement in Reserves during 2020/21 | | | | | | | | |
| Surplus or (deficit) on provision of services (accounting basis) | (12.3) | 0 | (12.3) | 0 | 0 | (12.3) | 0 | (12.3) |
| Other Comprehensive Expenditure and Income (see C I&E Statement) | 0 | 0 | 0 | 0 | 0 | 0 | (26.0) | (26.0) |
| Total Comprehensive Expenditure and Income | (12.3) | 0 | (12.3) | 0 | 0 | (12.3) | (26.0) | (38.3) |
| Adjustments between accounting basis & funding basis under regulations (Note 9) | 36.8 | 0 | 36.8 | 1.4 | 2.4 | 40.6 | (40.6) | 0 |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 24.5 | 0 | 24.5 | 1.4 | 2.4 | 28.3 | (66.6) | (38.3) |
| Transfers (to)/from Earmarked Reserves (Note 10) | (23.4) | 23.4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) in Year | 1.1 | 23.4 | 24.5 | 1.4 | 2.4 | 28.3 | (66.6) | (38.3) |
| Balance as at 31st March 2021 carried forward | 5.7 | 57.7 | 63.4 | 1.8 | 12.2 | 77.4 | (79.1) | (1.7) |

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The Net Assets of the Council, (assets less liabilities), are matched by the reserves held by the Council.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line - Adjustments between accounting basis and funding basis under regulations.

| 31st March 2020 restated | | 31 st March 2021 | |
|-----------------------------|---|-----------------------------|---------------|
| £m | | Note | £m |
| 235.1 | Property, Plant & Equipment | 13 | 237.2 |
| 102.8 | Infrastructure Assets | 13A | 101.4 |
| 33.5 | Heritage Assets | 14 | 34.3 |
| 208.7 | Investment Property | 15 | 203.1 |
| 0.6 | Intangible Assets | | 1.1 |
| 9.7 | Long Term Investments | 18 | 4.7 |
| 23.1 | Long Term Debtors | 19 | 27.6 |
| 613.5 | Long Term (Non-Current) Assets | | 609.4 |
| 49.3 | Short Term Investments | 18 | 72.0 |
| 0.1 | Assets Held for Sale | | 0.6 |
| 0.1 | Inventories | | 0.1 |
| 22.9 | Short Term Debtors | 19 | 41.5 |
| 8.2 | Cash and Cash Equivalents | 20 | 2.1 |
| 80.6 | Current Assets | | 116.3 |
| (5.4) | Short Term Borrowing | 23 | (4.4) |
| (2.3) | Other Short-Term Liabilities | 24 | (2.3) |
| (33.8) | Short Term Creditors (inc Receipts in Advance) | 21 | (65.3) |
| (0.5) | Capital Grants/Contributions: Receipts in Advance | | (0.4) |
| (5.0) | Provisions | 22 | (4.6) |
| (1.6) | Cash and Cash Equivalents | 20 | (2.6) |
| (48.6) | Current Liabilities | | (79.6) |
| | | | |

| 31st March 2020 restated | | Notes | 31st March 2021 |
|--|---|-------|--------------------|
| £m | | | £m |
| (4.3) | Long Term Creditors | 21 | (3.6) |
| (0.1) | Provisions | 22 | (0.0) |
| (391.5) | Long Term Borrowing | 23 | (388.9) |
| (44.4) | Other Long-Term Liabilities | 24 | (43.5) |
| (168.1) | Pension Liability | 40 | (211.4) |
| (0.5) | Capital Grants/Contributions: Receipts in Advance | | (0.4) |
| (608.9) | Long Term Liabilities | | (647.8) |
| | | | |
| 36.6 | Net Assets/Liabilities | | (1.7) |
| | | | |
| 49.1 | *Usable reserves | 25 | 77.4 |
| (12.5) | *Unusable Reserves | 26 | (79.1) |
| | *Note: Restatement of 19/20 to reflect reclassification of Dedicated School Grant Reserve as unusable. Deferred Capital Receipts moved to unusable reserves | | |
| 36.6 | Total Reserves | | (1.7) |
|  <p>M Phillips Chief Finance Officer 3 April 2023</p> | | | |

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

| 2019/20 | | | | 2019/20 | |
|---------|--------|--|----------------|---------|---------------|
| £m | £m | | note | £m | £m |
| | (12.0) | Net surplus or (deficit) on the provision of services, including £11.8m interest paid and (£0.5m) interest received. | | | (12.3) |
| 28.5 | | Adjustments to net surplus or deficit on the provision of services for non-cash movements | See note below | 57.3 | |
| (11.3) | | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities including proceeds of investments and disposal of assets | | (12.9) | |
| | 17.2 | Net cash inflows/(outflow) from Operating Activities | | | 44.4 |
| | | Investing Activities: | | | |
| (100.0) | | Purchase of property, plant and equipment, investment property, heritage, and intangible assets | 37 | (19.4) | |
| 0.7 | | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | | 0.7 | |
| 8.5 | (90.8) | Changes in short-term and long-term investments | 18 | (5.6) | (24.3) |
| | | Financing Activities | | | |
| (0.7) | | Cash payments for the reduction of the outstanding liabilities relating to transferred debt and on-balance sheet PFI contracts | 24 | (0.7) | |
| (1.6) | | Council Tax and NNDR adjustments | | (10.6) | |
| 92.4 | 90.1 | Net change in borrowing in year | 23 | (3.6) | (14.9) |
| | 4.5 | Net increase or (decrease) in cash and cash equivalents | | | (7.1) |

| 2019/20 | | 2020/21 | |
|--|---|---------|--------------|
| £m | Cash and Cash Equivalents | Notes | £m |
| 2.1 | Cash and cash equivalents * at the beginning of the reporting period | 20 | 6.6 |
| 6.6 | Cash and cash equivalents at the end of the reporting period | 20 | (0.5) |
| 4.5 | Net increase or (decrease) in cash and cash equivalents | | (7.1) |
| *Cash equivalents are short term cash investments that are held for the purpose of meeting short term cash commitments rather than for investment purposes. | | | |
| Note: Adjustments to net surplus or deficit on the provision of services for non-cash movements | | | |
| The table below lists the adjustments required in the cash flow statement to reverse non-cash items accounted for in the Provision of Services in the Comprehensive Income and Expenditure Account | | | |
| 20.1 | Depreciation, Impairment & downward valuations | | 17.0 |
| 6.8 | Change in value of Investment Properties | | 5.3 |
| 0.1 | Amortisation of Intangible Assets | | 0.1 |
| 1.5 | Increase/(Decrease) in Creditors | | 30.6 |
| (14.5) | (Increase)/Decrease in Debtors including impairment for bad debts | | (23.2) |
| 9.8 | Movement in pension liability | | 13.2 |
| 3.1 | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | | 6.4 |
| 1.6 | Other non-cash items charged to the net surplus or deficit on the provision of services including Council Tax and NNDR financing adjustments. | | 7.9 |
| 28.5 | Total | | 57.3 |

Notes to the Core Financial Statements

1. Changes in Accounting Policy

For 2020/21 there are no changes in International Financial Reporting Standards (IFRS) that impacted on the accounting policies relevant to Torbay's accounts.

The only new accounting policy is in relation to the accounting for the accumulated deficit in the ring-fenced Dedicated schools Grant. This change is a result of a new statutory instrument (SI 2020/121). This allows the recognition of the accumulated deficit in this Grant (£5.8m 21/22) as a negative unusable reserve instead of a negative earmarked reserve. This is to reflect the statutory position that any negative balances in the dedicated schools grant is not a cost that the Council will have to fund. This change will have a net nil impact on the council's net worth.

2. Accounting Standards that have been issued but have not yet been adopted

There are no changes in accounting requirements for 2021/22 that are anticipated to have a material impact on the Council's financial performance or financial position.

A new leasing standard (IFRS 16), which changes the current definition and accounting for operating and finance leases, is now due to be introduced from 2022/23 with a restatement required for 2021/22. The impact of this standard is not expected to be material as the Council does not lease in many assets.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the accounting policy note, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements, where others may have made a different judgement, made in the statement of accounts are:

- In assessing its existing leases under IFRS guidance the Council has only considered leases where either the value of rent or the value of the asset was material. In addition, a ratio of 75% of lease term to asset life has been used as a guide to recognising leases as finance leases.
- The Council has recognised a long-term liability for the annual local government reorganisation discretionary pension payment to Devon County Council. This payment is invoiced for in the year that the County Council makes payments to its pensioners.
- The Council recognised its (£33m/17%) share of the Energy from Waste facility in Plymouth based on estimated tonnages per the business case for the facility and the financial allocation model agreed between Torbay, Plymouth, and Devon County Councils. All three Councils have assessed the facility to be "on balance sheet" under IFRIC12 as a service concession arrangement. The Council has recognised a liability to the value of the asset recognised. This liability is apportioned between the Council's own liability to fund the asset based on forecast unitary payments over the life of the facility from the three councils (£12m/37%) and the expected third-party income (£21m/63%) based on the business case. The third-party income liability has been accounted for as deferred income with the balance allocated to the Council's CI&E statement over the life of the 25-year contract. As a "non-cash" transaction this credit will be reversed in the MIRS to the Capital Adjustment Account the asset life of the facility has been assessed at 30 years based on the contract life and the optional 5-year extension period. The Council has assumed all lifecycle costs to be revenue unless evidence that they are capital.

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision. The Council can only be dissolved by a statutory prescription.
- The Council has several pensions guarantees to related bodies where the Council could incur a liability if the body becomes insolvent. These are classified as insurance contracts under IFRS4. As at 31 March 2021 there are no issues in relation to the going concern of these bodies. In arriving at this conclusion, the Council considered data from the actuary of the pension fund together with the Council's knowledge of the bodies and made the judgement that the values and risk exposure were not material.
- Included in the pension guarantees is one to the TDA in relation to pension liabilities. The value has been assessed as 100% of the TDA IFRS19 pension valuation under Derivative Liabilities – IFRS9. A 100% value has been assessed on the basis that the probability of the liability crystallising cannot be accurately estimated and TDA, as a teckel compliant company is primarily reliant on the council for its funding. The relevant statutory pension override has been considered applicable as the liability primarily relates to staff transferred from the council to the TDA who would otherwise have been employees of the council.
- In relation to central government COVID funding received in the year:
 - For the business grants, business restriction grants awarded under the national scheme criteria and test and trace payments for residents isolating the Council has assumed it is acting as “agent”
 - For unringfenced grants including the sales, fees and charges compensation grant and the collection fund irrecoverable losses compensation grant these have been recognised as a non-specific grant.
 - For all other grants, including discretionary business grants, these have been recognised in the Comprehensive Income and Expenditure Statement.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances can't be determined with certainty, actual results could be materially different from the assumptions and estimates. There were no changes in accounting estimates in 2020/21 or expected in future years.

The only items in the Council's balance sheet at 31st March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Uncertainties | Effect if Actual Results Differ from Assumptions |
|--|---|
| Net Pension Liability Value 31/3/21 £211m (£168m 19/20) | |
| <p>The Council's liability as at 31st March is based on a number of complex judgements relating to</p> <ul style="list-style-type: none"> • the discount rate used • the rate at which salaries may change • changes in retirement dates • mortality rates • and expected return on pension fund assets. <p>A firm of pension actuaries are used to provide this information and every three years there is a detailed actuarial review of the fund.</p> <p>The value of pension assets is estimated (by the actuary) based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this difference is not considered to be material.</p> | <p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a future 0.1% increase in the discount rate assumption would result in a change in the (gross) pension liability of £11m. Similarly, a change in the mortality assumption of 1 year would result in a change of £24m. However, the assumptions interact in complex ways. The actuary advised that, during 2020/21, the net pensions' liability had increased by £43m.</p> <p>A table on sensitivity of assumptions is included in the Pensions Note.</p> |
| COVID19 Pandemic | |
| <p>The impact of the global pandemic which had only started to impact on the Torbay area as at 31 March 2020 continued during 2020/21.</p> | <p>Although there is ongoing uncertainty in the longer-term impact on some balance sheet values primarily on non-current asset the Council's appointed valuer has provided an updated valuation certificate including investment property. The exception is the valuation for the EFW asset which was valued by NPS and the one valuation was reported as subject to "material valuation uncertainty".</p> <p>The Council has valuations as at year end for all its financial assets used for treasury management purposes such as deposits and its holding in a property fund.</p> <p>The Pension Fund IAS19 valuation used pension fund asset values at month 11.</p> <p>The collectability of the Council's debt including council tax and NNDR as at year</p> |

| | |
|--|---|
| | <p>end is likely to have reduced. The exact impact is unknown as there is no historic experience, however the Council has increased its impairment for its outstanding debt including Council tax and NNDR.</p> <p>In other cases, the Council has obtained a reasonable value such as a quoted value of an asset or liability as at 31 March 2021.</p> <p>The Council, on a “case by case basis”, has increased impairment for increased uncertainty for the uncollectability of income due for several debtors.</p> |
|--|---|

5. Events after the Reporting Period

Events taking place after the 31 March 2021 are not reflected in the financial statements. There are no significant events to report up to that date.

The COVID19 pandemic started to have an impact in the Torbay area from March 2020, continued during 2020/21 and is continuing to have an impact in 2021/22. The impact of the pandemic on both the community and the Council will continue in the longer term and that longer term impact is currently unknown. During 2022/23 the Council has experienced significant inflationary pressures however this does not materially impact on the 2020/21 financial position and its 2020/21 accounts.

Council at its meeting on 29 July 2021 resolved to amend the 2020/21 outturn by allocating £0.1m to a Harbour Reserve instead of the General Fund reserve. This change will be actioned in 2021/22 accounts.

6. Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2019/20 | | | | 2020/21 | | |
|---|--|---|---|---|--|---|
| Net Expend Chargeable To the General Fund | Adjustments between the Funding and Accounting | Net Expenditure in the Comprehensive Income and Expenditure Statement | Services | Net Expend Chargeable to the General Fund | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
| £m | £m | £m | | £m | £m | £m |
| 37.7 | (5.0) | 32.7 | Adult's Services | 38.6 | 0.7 | 39.3 |
| 43.1 | 4.1 | 47.2 | Children's Services | 41.6 | 5.8 | 47.4 |
| 6.2 | 4.8 | 11.0 | Corporate Services | 6.8 | 1.7 | 8.5 |
| (4.9) | (3.5) | (8.4) | Finance | 0.1 | (3.4) | (3.3) |
| 19.7 | 14.4 | 34.1 | Place (inc: Business Service, Planning & Transport) | 24.4 | 5.0 | 29.4 |
| 9.6 | (0.8) | 8.8 | Public Health | 10.2 | (1.8) | 8.4 |
| 111.4 | 14.0 | 125.4 | Cost of Services | 121.7 | 8.0 | 129.7 |
| (111.4) | (2.0) | (113.4) | Other Income & Expenditure | (121.7) | 4.3 | (117.4) |
| 0 | 12.0 | 12.0 | (Surplus)/Deficit on Provision of Services | 0 | 12.3 | 12.3 |

Note: General Fund Opening Balance as at 31 March 2020 £4.6m and Closing Balance as at 31 March 2021 £5.7m

7. Expenditure and Income Analysis

Adjustments between Funding and Accounting Basis from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts.

| 2019/20 | | | | | 2020/21 | | | |
|--|---|-------------------------|-------------------------|--|--|---|-------------------------|-------------------------|
| Adjustments for Capital Purposes £m | Net change for the Pensions Adjustments £m | Other Differences £m | Total adjustments £m | | Adjustments for Capital Purposes £m | Net change for the Pensions Adjustments £m | Other Differences £m | Total adjustments £m |
| (0.2) | 0 | (4.8) | (5.0) | Adult Social Care | 0.1 | 0 | 0.6 | 0.7 |
| 2.0 | 0 | 2.1 | 4.1 | Children's Services | 5.2 | 0 | 0.6 | 5.8 |
| (0.6) | 0 | 5.4 | 4.8 | Corporate Services | (2.2) | 0 | 3.9 | 1.7 |
| (5.5) | 4.9 | (2.9) | (3.5) | Finance | (6.8) | 9.0 | (5.6) | (3.4) |
| 16.3 | 0 | (1.9) | 14.4 | Place (inc: Business Services, Planning & Transport) | 11.5 | 0 | (6.5) | 5.0 |
| 0 | 0 | (0.8) | (0.8) | Public Health | 0 | 0 | (1.8) | (1.8) |
| 12.0 | 4.9 | (2.9) | 14.0 | Net Cost of Services | 7.8 | 9.0 | (8.8) | 8.0 |
| (6.5) | 4.2 | 0.3 | (2.0) | Other income and expenditure from Expenditure and Funding Analysis | (1.7) | 4.2 | 1.8 | 4.3 |
| 5.5 | 9.1 | (2.6) | 12.0 | Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit on the Provision of Services | 6.1 | 13.2 | (7.0) | 12.3 |

8. Expenditure and Income Analysed by Nature

The Council's expenditure and income are analysed as follows: -

| 2019/20 | | 2020/21 |
|---------|---|----------------|
| £m | | £m |
| | Expenditure | |
| 67.1 | Employee benefits expenses | 74.1 |
| 203.6 | Other services expenses | 219.7 |
| 32.5 | Depreciation, amortisation, impairment and change in Fair Value (net) | 36.7 |
| 16.5 | Interest payments | 17.4 |
| 0.4 | Precepts and levies | 0.5 |
| 3.1 | Written out of accounts on the disposal of assets | 6.4 |
| 323.2 | Total Expenditure | 354.8 |
| | Income | |
| (34.3) | Fees, charges, and other service income | (31.5) |
| (21.9) | Financing & Investment Income and Other Operating Income | (32.3) |
| (84.7) | Council tax and non-domestic rates (net) | (74.6) |
| (170.3) | Government grants and contributions | (204.1) |
| (311.2) | Total Income | (342.5) |
| 12.0 | (Surplus) or Deficit on the Provision of Service | 12.3 |

Segmental Income of Fees, charges, and other service income

Income received on a segmental basis, primarily from external customers, is analysed below:

| 2019/20 | | 2020/21 |
|---------|---|---------------|
| £m | | £m |
| (5.0) | Adult's Services | (5.3) |
| (4.4) | Children's Services | (3.4) |
| (4.8) | Corporate Services | (4.7) |
| (0.1) | Finance | (0.1) |
| (19.8) | Place | (18.0) |
| (0.2) | Public Health | 0 |
| (34.3) | Total income analysed on a segmental basis | (31.5) |

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. Other includes Accumulated Absences Adjustment Account, Collection Fund Adjustment Account and Pooled Investment Fund Adjustment Account.

| 2019/20 | | | | | | | | 2020/21 | | | | | | |
|---|------------------|--------------------------|-------------------|-------|---------|-------|--|-----------------|------------------|--------------------------|-------------------|-------|---------|-------|
| Usable Reserves | | | Unusable Reserves | | | | | Usable Reserves | | | Unusable Reserves | | | |
| General Fund | Capital Receipts | Capital Grants Unapplied | Deferred Capital | CAA | Pension | Other | | General Fund | Capital Receipts | Capital Grants Unapplied | Deferred Capital | CAA | Pension | Other |
| £m | £m | £m | £m | £m | £m | £m | | £m | £m | £m | £m | £m | £m | £m |
| Adjustments involving the Capital Adjustment Account: | | | | | | | | | | | | | | |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement: | | | | | | | | | | | | | | |
| <u>Items relating to capital expenditure</u> | | | | | | | | | | | | | | |
| (20.1) | 0 | 0 | 0 | 20.1 | 0 | 0 | Charges for depreciation and impairment of non-current assets | (17.0) | 0 | 0 | 0 | 17.0 | 0 | 0 |
| (0.1) | 0 | 0 | 0 | 0.1 | 0 | 0 | Amortisation of intangible assets | (0.1) | 0 | 0 | 0 | 0.1 | 0 | 0 |
| (3.2) | 0.1 | 0 | 0 | 3.1 | 0 | 0 | Revenue expenditure funded from capital under statute | (4.6) | 0 | 0 | 0 | 4.6 | 0 | 0 |
| (3.1) | 0 | 0 | 0 | 2.4 | 0 | 0.7 | Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CI&E statement. <i>*Revaluation Reserve</i> | (6.4) | 0 | 0 | 0 | 3.7 | 0 | 2.7* |
| 0.1 | 0 | 0 | 0 | (0.1) | 0 | 0 | Notional Rent Credit | 0.1 | 0 | 0 | 0 | (0.1) | 0 | 0 |
| (26.4) | 0.1 | 0 | | 25.6 | 0 | 0.7 | c/f | (28.0) | 0 | 0 | 0 | 25.3 | 0 | 2.7 |

| Usable Reserves | | | | | | | Unusable Reserves | | | | | | | Usable Reserves | | | | | | | Unusable Reserves | | | | | | | |
|-----------------|------------------|--------------------------|---------------------------|--------|---------|-------|---|--------------|------------------|--------------------------|---------------------------|-------|---------|-----------------|--------------|------------------|--------------------------|---------------------------|-----|---------|-------------------|--------------|------------------|--------------------------|---------------------------|-----|---------|-------|
| General Fund | Capital Receipts | Capital Grants Unapplied | Deferred Capital Receipts | CAA | Pension | Other | | General Fund | Capital Receipts | Capital Grants Unapplied | Deferred Capital Receipts | CAA | Pension | Other | General Fund | Capital Receipts | Capital Grants Unapplied | Deferred Capital Receipts | CAA | Pension | Other | General Fund | Capital Receipts | Capital Grants Unapplied | Deferred Capital Receipts | CAA | Pension | Other |
| £m | £m | £m | £m | £m | £m | £m | | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| (26.4) | 0.1 | 0 | 0 | 25.6 | 0 | 0.7 | b/f | (28.0) | 0 | 0 | 0 | 25.3 | 0 | 2.7 | | | | | | | | | | | | | | |
| 0.8 | 0 | 0 | 0 | (0.8) | 0 | 0 | Deferred Credit re Energy from Waste | 0.8 | 0 | 0 | 0 | (0.8) | 0 | 0 | | | | | | | | | | | | | | |
| | | | | | | | <u>Other</u> | | | | | | | | | | | | | | | | | | | | | |
| (6.8) | 0 | 0 | 0 | 6.8 | 0 | 0 | Movement in the fair value of Investment Properties and AHFS | (5.3) | 0 | 0 | 0 | 5.3 | 0 | 0 | | | | | | | | | | | | | | |
| | | | | | | | <u>Items relating to capital financing applied in the year</u> | | | | | | | | | | | | | | | | | | | | | |
| 10.3 | 0 | 0 | 0 | (10.3) | 0 | 0 | Capital Grants and Contributions Applied | 6.3 | 0 | 0 | 0 | (6.3) | 0 | 0 | | | | | | | | | | | | | | |
| | | | | | | | Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | <u>Items relating to capital financing applied in the year</u> | | | | | | | | | | | | | | | | | | | | | |
| 5.3 | 0 | 0 | 0 | (5.3) | 0 | 0 | Provision for the financing of capital investment | 7.2 | 0 | 0 | 0 | (7.2) | 0 | 0 | | | | | | | | | | | | | | |
| 1.7 | 0 | 0 | 0 | (1.7) | 0 | 0 | Capital expenditure charged against the General Fund | 1.5 | 0 | 0 | 0 | (1.5) | 0 | 0 | | | | | | | | | | | | | | |
| (15.1) | 0.1 | 0 | 0 | 14.3 | 0 | 0.7 | c/f | (17.5) | 0 | 0 | 0 | 14.8 | 0 | 2.7 | | | | | | | | | | | | | | |

| Usable Reserves | | | | | | | Unusable Reserves | | | | | | | Usable Reserves | | | | | | | Unusable Reserves | | | | | | | | |
|--|------------------|--------------------------|---------------------------|-------|---------|-------|---|--------------|------------------|--------------------------|---------------------------|-------|---------|-----------------|--------------|------------------|--------------------------|---------------------------|-----|---------|-------------------|--------------|------------------|--------------------------|---------------------------|-----|---------|-------|--|
| General Fund | Capital Receipts | Capital Grants Unapplied | Capital Receipts Deferred | CAA | Pension | Other | | General Fund | Capital Receipts | Capital Grants Unapplied | Capital Receipts Deferred | CAA | Pension | Other | General Fund | Capital Receipts | Capital Grants Unapplied | Capital Receipts Deferred | CAA | Pension | Other | General Fund | Capital Receipts | Capital Grants Unapplied | Capital Receipts Deferred | CAA | Pension | Other | |
| £m | £m | £m | £m | £m | £m | £m | | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | |
| (15.1) | 0.1 | 0 | 0 | 14.3 | 0 | 0.7 | b/f | (17.5) | 0 | 0 | 0 | 14.8 | 0 | 2.7 | | | | | | | | | | | | | | | |
| Adjustments involving Capital Grant Unapplied Account | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7.1 | 0 | (7.1) | 0 | 0 | 0 | 0 | Capital Grants & Contributions unapplied credited to the CI&E Statement | 8.6 | 0 | (8.6) | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | |
| 0 | 0 | 6.0 | 0 | (6.0) | 0 | 0 | Application of (prior year) Grants to capital financing applied in the year transferred to the Capital Adjustment Account | 0 | 0 | 6.2 | 0 | (6.2) | 0 | 0 | | | | | | | | | | | | | | | |
| Adjustments involving the Capital Receipts Reserve: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.4 | (0.7) | 0 | (2.7) | 0 | 0 | 0 | Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement | 2.7 | (0.7) | 0 | (2.0) | 0 | 0 | 0 | | | | | | | | | | | | | | | |
| 0 | 1.0 | 0 | 0 | (1.0) | 0 | 0 | Use of the Capital Receipts Reserve to finance new capital expenditure applied in the year | 0 | (0.7) | 0 | 0 | 0.7 | 0 | 0 | | | | | | | | | | | | | | | |
| Adjustments involving the Pensions Reserve: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (4.6) | 0.4 | (1.1) | (2.7) | 7.3 | 0 | 0.7 | c/f | (6.2) | (1.4) | (2.4) | (2.0) | 9.3 | 0 | 2.7 | | | | | | | | | | | | | | | |

| Usable Reserves | | | | | | | Unusable Reserves | | | | | | | Usable Reserves | | | | | | | Unusable Reserves | | | | | | |
|--|------------------|--------------------------|---------------------------|-----|---------|-------|--|--------------|------------------|--------------------------|---------------------------|-----|---------|-----------------|--------------|------------------|--------------------------|---------------------------|-----|---------|-------------------|--|--|--|--|--|--|
| General Fund | Capital Receipts | Capital Grants Unapplied | Capital receipts Deferred | CAA | Pension | Other | | General Fund | Capital Receipts | Capital Grants Unapplied | Capital receipts Deferred | CAA | Pension | Other | General Fund | Capital Receipts | Capital Grants Unapplied | Capital receipts Deferred | CAA | Pension | Other | | | | | | |
| £m | £m | £m | £m | £m | £m | £m | | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | | | | | | |
| (4.6) | 0.4 | (1.1) | (2.7) | 7.3 | 0 | 0.7 | b/f | (6.2) | (1.4) | (2.4) | (2.0) | 9.3 | 0 | 2.7 | | | | | | | | | | | | | |
| (16.8) | 0 | 0 | 0 | 0 | 16.8 | 0 | Reversal of items relating to retirement benefits debited or credited to the CI&E Statement (see Note 40) | (20.6) | 0 | 0 | 0 | 0 | 20.6 | 0 | | | | | | | | | | | | | |
| 7.7 | 0 | 0 | 0 | 0 | (7.7) | 0 | Employer's pensions contributions and direct payments to pensioners payable in the year | 7.4 | 0 | 0 | 0 | 0 | (7.4) | 0 | | | | | | | | | | | | | |
| Adjustments involving the Collection Fund Adjustment Account: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (0.2) | 0 | 0 | 0 | 0 | 0 | 0.2 | Amount by which collection fund income credited to the CI&E Statement is different from collection fund income calculated for the year in accordance with statutory requirements | (14.8) | 0 | 0 | 0 | 0 | 0 | 0 | 14.8 | | | | | | | | | | | | |
| Adjustment involving the Accumulated Absences Account | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (13.9) | 0.4 | (1.1) | (2.7) | 7.3 | 9.1 | 0.9 | c/f | (34.2) | (1.4) | (2.4) | (2.0) | 9.3 | 13.2 | 17.5 | | | | | | | | | | | | | |

| Usable Reserves restated | | | Unusable Reserves restated | | | | Usable Reserves | | | | | | Unusable Reserves | | |
|---|------------------|--------------------------|-------------------------------|-----|---------|-------|---|---------------|------------------|--------------------------|---------------------------|------------|-------------------|-------------|--|
| General Fund | Capital Receipts | Capital Grants Unapplied | Capital receipts Deferred | CAA | Pension | Other | | General Fund | Capital Receipts | Capital Grants Unapplied | Capital Receipts Deferred | CAA | Pension | Other | |
| £m | £m | £m | £m | £m | £m | £m | | £m | £m | £m | £m | £m | £m | £m | |
| (13.9) | 0.4 | (1.1) | (2.7) | 7.3 | 9.1 | 0.9 | b/f | (34.2) | (1.4) | (2.4) | (2.0) | 9.3 | 13.2 | 17.5 | |
| (0.1) | 0 | 0 | 0 | 0 | 0 | 0.1 | Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (0.6) | 0 | 0 | 0 | 0 | 0 | 0.6 | |
| Adjustment involving the Pooled Fund Adjustments Account | | | | | | | | | | | | | | | |
| (0.2) | 0 | 0 | 0 | 0 | 0 | 0.2 | Amount by which financial instruments charged to the CI&E Statement are different from amounts chargeable in the year in accordance with statutory requirements | (0) | 0 | 0 | 0 | 0 | 0 | 0 | |
| Adjustment involving the Dedicated Schools Grant Adjustments Account (Previously the Dedicated Schools Grant Deficit Reserve) | | | | | | | | | | | | | | | |
| (1.1) | 0 | 0 | 0 | 0 | 0 | 1.1 | Deficit on Dedicated Schools Grant | (2.0) | 0 | 0 | 0 | 0 | 0 | 2.0 | |
| (15.3) | 0.4 | (1.1) | (2.7) | 7.3 | 9.1 | 2.3 | Total Adjustments per MIRS | (36.8) | (1.4) | (2.4) | (2.0) | 9.3 | 13.2 | 20.1 | |

Torbay Council
2020/21 Statement of Accounts for the year ended 31st March 2021 – Notes to the Core Financial Statements

| <i>Memo items: -</i> | | | | | | | | | | | | | | |
|----------------------|------------|------------|--------------|------------|--------------|------------|--|--------------|--------------|--------------|--------------|------------|-------------|-------------|
| (12.0) | 0 | 0 | 0 | 0 | 0 | 0 | Surplus/(Deficit) on Provision of Services | (12.3) | 0 | 0 | 0 | 0 | 0 | 0 |
| (3.3) | 0 | 0 | 0 | 0 | 0 | 0 | Movement in earmarked reserves | (23.4) | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | (15.4) | 0 | Other Comprehensive Income and Expenditure: Remeasurement of net defined pension liability | 0 | 0 | 0 | 0 | 0 | 30.7 | 0 |
| 0 | 0 | 0 | 0 | (1.4) | 0 | 0 | Other movements on the Capital Adjustment Account including - Adjusting amounts written out of the revaluation reserve to the Capital Adjustment Account | 0 | 0 | 0 | 0 | (1.8) | 0 | 1.6 |
| (0) | 0.4 | 1.1 | (2.7) | 5.9 | (6.3) | 2.3 | Total Movement in year | (1.1) | (1.4) | (2.4) | (2.0) | 7.5 | 43.9 | 21.7 |

10. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

| | Balance at 31 March 2019 £m | Transfer Out 2019/20 £m | Transfer In 2019/20 £m | Balance at 31 March 2020 £m | Transfer Out 2020/21 £m | Transfer In 2020/21 £m | Balance at 31 March 2021 £m |
|---|--------------------------------------|----------------------------------|---------------------------------|--------------------------------------|----------------------------------|---------------------------------|--------------------------------------|
| Reserves: - | | | | | | | |
| earmarked for General Expenditure | 4.9 | (3.1) | 0.4 | 2.2 | (0.5) | 0.7 | 2.4 |
| earmarked for specific issues | 10.5 | (9.7) | 7.3 | 8.1 | (4.9) | 11.6 | 14.8 |
| Collection Fund Reserve* | 0.5 | (0.1) | 0 | 0.4 | 0 | 16.6 | 17.0 |
| to reflect timing of expenditure including grants received but not spent. | 6.3 | (3.7) | 11.1 | 13.7 | (9.5) | 7.8 | 12.0 |
| to support Capital expenditure | 1.6 | (1.0) | 1.6 | 2.2 | (0.1) | 1.4 | 3.5 |
| School Related Reserves | 0.2 | 0 | 0 | 0.2 | 0 | 0.3 | 0.5 |
| Schools' Balances (held under a delegation scheme) | 0.9 | (1.0) | 0.2 | 0.1 | (0.1) | 1.4 | 1.4 |
| Ring Fenced | 6.1 | (4.8) | 6.1 | 7.4 | (3.0) | 1.7 | 6.1 |
| Total | 31.0 | (23.4) | 26.7 | 34.3 | (18.1) | 41.5 | 57.7 |

*Collection Fund Reserve Note. This reserve is holding a one-off balance of £11.6m from 2020/21 central government "section 31" grant relating to NNDR retail, leisure and hospitality reliefs that will be applied in 2021/22, and £3.5m to fund the 2020/21 collection fund deficit over the next three years.

11. Financing and Investment Income and Expenditure

| 2019/20 | | 2020/21 |
|---------|---|------------|
| £m | | £m |
| 12.3 | Interest payable and similar charges | 13.1 |
| 4.2 | Net interest on net defined pension liability | 4.2 |
| (1.1) | Interest receivable and similar income | (1.6) |
| (3.6) | Income and expenditure in relation to investment properties and changes in their fair value | (6.1) |
| (1.0) | Gain from Devon wide NNDR Pool | (0.8) |
| 10.8 | Total | 8.8 |

12. Taxation and Non-Specific Grant Income

| 2019/20 | | 2020/21 |
|----------|--|----------------|
| restated | | £m |
| £m | | |
| (69.0) | Council tax Income | (72.7) |
| (33.1) | Retained income from rate retention scheme | (45.1) |
| (1.5) | Collection Fund – NNDR & Council Tax | (1.7) |
| 0.1 | Collection Fund Adjustment Account | 14.8 |
| (7.7) | Non ring-fenced government grants | (8.1) |
| (13.0) | Capital grants and contributions | (17.4) |
| (124.2) | Total | (130.2) |

13. Property, Plant and Equipment

Measurement Basis

Non-Current assets are valued at fair value for their particular asset type (category). Fair Value will therefore reflect:

- Existing Use Value for most categories of Property Plant and Equipment (P, P&E)
- Depreciated Replacement Cost for assets of a specialised nature with no readily identifiable market
- Depreciated Historical Cost for Community and Vehicles, Plant and Equipment
- Historical Cost for Assets under Construction

- Modified Historical Cost for Infrastructure

Depreciation method

Assets are depreciated on a straight-line basis over the useful life of each asset to reflect the pattern in which the asset's service potential is expected to be used.

Depreciation is applied to all asset types apart from land which is not depreciated due to its nature.

Useful lives used

The useful life of an asset represents the period over which an asset is expected to be of use in providing services for the Council.

Movements on Balances

Reconciliation of movements in 2020/21, and the prior year 2019/20, in Property, Plant and Equipment by category of assets is shown in the tables below:

| 2019/20 | Other Land & Buildings | Vehicles, Plant & Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total Property, Plant & Equipment | PFI Assets in P, P & E |
|---|------------------------|-----------------------------|------------------|----------------|---------------------------|-----------------------------------|------------------------|
| | £m | £m | £m | £m | £m | £m | £m |
| Cost or Valuation | | | | | | | |
| As at 1st April 2019 | 207.0 | 16.8 | 9.2 | 0.9 | 10.8 | 244.7 | 48.5 |
| Additions | 19.1 | 4.1 | 0 | 0.4 | 1.9 | 25.5 | 0 |
| Revaluation increases/ (decreases) recognised in the Revaluation Reserve | 2.1 | 0 | 0 | 0.2 | 0.1 | 2.4 | (0.3) |
| Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services | (9.3) | 0 | 0 | (0.5) | 0 | (9.8) | 0 |
| Derecognition – Disposals | (3.0) | 0 | 0 | 0 | 0 | (3.0) | 0 |
| Assets reclassified (to)/from Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements in Cost or Valuation | 8.1 | 0 | 0 | 0.2 | (7.4) | 0.9 | 0 |
| As at 31st March 2020 | 224.0 | 20.9 | 9.2 | 1.2 | 5.4 | 260.7 | 48.2 |
| Accumulated Depreciation and Impairment | | | | | | | |
| As at 1st April 2019 | (7.1) | (15.0) | (0.8) | 0 | 0 | (22.9) | (0.7) |
| Depreciation charge | (4.7) | (0.5) | (0.2) | 0 | 0 | (5.4) | (1.6) |
| Depreciation written out to the Revaluation Reserve | 2.0 | 0 | 0 | 0 | 0 | 2.0 | 1.3 |
| Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services | 0.6 | 0 | 0 | 0 | 0 | 0.6 | 0 |
| Derecognition – Disposals | 0.1 | 0 | 0 | 0 | 0 | 0.1 | 0 |
| Other movements in Depreciation and Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 31st March 2020 | (9.1) | (15.5) | (1.0) | 0 | 0 | (25.6) | (1.0) |
| Net Book Value:- | | | | | | | |
| As at 31st March 2020 | 214.9 | 5.4 | 8.2 | 1.2 | 5.4 | 235.1 | 47.2 |
| As at 31 st March 2019 | 199.9 | 1.8 | 8.4 | 0.9 | 10.8 | 221.8 | 47.8 |

| 2020/21 | Other Land and Buildings | Vehicles, Plant & Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total Property, Plant & Equipment | PFI Assets in P, P & E |
|---|-----------------------------|-----------------------------------|---------------------|-------------------|------------------------------|--|------------------------------|
| | £m | £m | £m | £m | £m | £m | £m |
| Cost or Valuation | | | | | | | |
| As at 1st April 2020 | 224.0 | 20.9 | 9.2 | 1.2 | 5.4 | 260.7 | 48.2 |
| Additions | 3.4 | 2.5 | 0.5 | 0 | 9.5 | 15.9 | 0 |
| Revaluation increases/ (decreases) recognised in the Revaluation Reserve | 1.3 | 0 | 0 | (0.2) | 0 | 1.1 | (2.3) |
| Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services | (6.1) | 0 | 0 | 0.2 | 0 | (5.9) | 0 |
| Derecognition – Disposals | (4.1) | (0.4) | 0 | 0 | (1.8) | (6.3) | 0 |
| Assets reclassified (to)/from Held for Sale | 0 | 0 | 0 | 0 | (0.5) | (0.5) | 0 |
| Other movements in Cost or Valuation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 31st March 2021 | 218.5 | 23.0 | 9.7 | 1.2 | 12.6 | 265.0 | 45.9 |
| Accumulated Depreciation and Impairment | | | | | | | |
| As at 1st April 2020 | (9.1) | (15.5) | (1.0) | 0 | 0 | (25.6) | (1.0) |
| Depreciation charge | (5.2) | (0.3) | (0.1) | 0 | 0 | (5.6) | (1.6) |
| Depreciation written out to the Revaluation Reserve | 3 | 0 | 0 | 0 | 0 | 3.0 | 1.3 |
| Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services | 0.4 | 0 | 0 | 0 | 0 | 0.4 | 0 |
| Derecognition – Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements in Depreciation and Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 31st March 2021 | (10.9) | (15.8) | (1.1) | 0 | 0 | (27.8) | (1.3) |
| Net Book Value: - | | | | | | | |
| As at 31st March 2021 | 207.6 | 7.2 | 8.6 | 1.2 | 12.6 | 237.2 | 44.6 |
| As at 31 st March 2020 | 214.9 | 5.4 | 8.2 | 1.2 | 5.4 | 235.1 | 47.2 |

Contractual Commitments for the acquisition of Property, Plant and Equipment as at 31st March 2021

The significant commitments on capital schemes with a value greater than £0.5m together with the likely year of spend are shown in the table below. Similar commitments for the previous financial year were £4.8m.

| Contract | Purpose | Total Commitments | 2021/22 | 2022/23 |
|-------------------------|--|-------------------|-------------|------------|
| | | £m | £m | £m |
| | Expenditure on Council Assets: | | | |
| | | | | |
| | Transport | | | |
| South Devon Highway | Major investment to provide new road to alleviate congestion and ease traffic flow to and from Torbay. | 1.5 | 1.5 | 0 |
| Torquay Gateway | Scheme to improve traffic flow around main Torquay entry/exit routes. | 1.2 | 1.2 | 0 |
| | | | | |
| | Regeneration | | | |
| Harbour View Hotel | Town Centre regeneration / employment scheme | 11.0 | 9.0 | 2.0 |
| Claylands Redevelopment | Regenerate former waste site with employment space. | 2.2 | 1.9 | 0.3 |
| | | | | |
| | Total Significant Commitments | 15.9 | 13.6 | 2.3 |

Revaluations

The Council's assets are regularly revalued, (at least once during a five-year period), by the Council's appointed external qualified valuer - see accounting policies. The effective date of revaluation is usually the 1st April of the year of the revaluation. The only class of asset that has significant revaluations is "Other Land and Buildings" which is valued at existing use.

| Valued at fair value as at | Other Land and Buildings £m |
|---|--------------------------------|
| 31 March 2021 | 66.4 |
| 31 March 2020 | 19.7 |
| 31 March 2019 | 54.8 |
| 31 March 2018 | 55.1 |
| 31 March 2017 | 22.5 |
| Total Cost or Valuation of Other Land & Buildings | 218.5 |

13A Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority has chosen not to disclose this information as the previously reported

are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

| 31 st March 2020 | | 31 st March 2021 |
|-----------------------------|---|-----------------------------|
| £m | Net book value: modified historical cost | £m |
| 100.0 | Net Book Value – opening value | 102.8 |
| 7.5 | Additions | 4.5 |
| (5.5) | Depreciation in year | (5.9) |
| 0.8 | Movements in value in year | 0 |
| 102.8 | Net Book Value – closing value | 101.4 |

The authority has determined in accordance with Regulation [England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

14. Heritage Assets

The value of the Council's heritage assets is reported in the balance sheet at an insurance valuation. Where it is not practical to obtain an insurance valuation the asset is measured at historical cost (usually nil). Heritage Assets, by their nature have a long life, so have not been depreciated.

The insurance valuations for heritage assets classified as property are updated every year by an inflationary factor as recommended by the Council's insurers, then revalued every 5 years as part of a rolling programme by an external valuer. The Fine Art Collection and Mayoral Regalia are revalued periodically by external valuers to ensure the adequacy of the valuation. The value of these assets is held on the Council's Asset Register.

The following table shows the reconciliation of the carrying value of Heritage Assets held by the Council.

| | Fine Art Collection | Mayoral Regalia | Heritage Property | Total Assets |
|---|------------------------|--------------------|----------------------|--------------|
| Valuation | £m | £m | £m | £m |
| 31 st March 2019 | 7.8 | 0.2 | 24.6 | 32.6 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 0.2 | 0 | 0.7 | 0.9 |
| 31 st March 2020 | 8.0 | 0.2 | 25.3 | 33.5 |
| Revaluation increases/(decreases) | 0 | 0 | 0.8 | 0.8 |

| | | | | |
|---------------------------------------|------------|------------|-------------|-------------|
| recognised in the Revaluation Reserve | | | | |
| 31st March 2021 | 8.0 | 0.2 | 26.1 | 34.3 |

Fine Arts Collection

Includes exhibits held at Torre Abbey. The valuation was undertaken by external valuers, Bearnes, in 2010 but the exhibits held at Torre Abbey were valued by Bearnes in 2016. The collection includes William Holman Hunt's "The Children's Holiday". There are a large number of exhibits at Torre Abbey that are not included in the valuation due to their low item value. Further details of the exhibits included in this collection and visiting information are available on the council's website.

Mayoral Regalia

Included in this collection are Chains of Office, Badges, Maces and other silver items. The collection was last valued by external valuers, Fattorini, in 2005. Some items were revalued in 2010.

Heritage Property

Some of these assets are not insured so are held at historic cost, for example the D Day Embarkation Ramps. Of the property assets with an insurance valuation, Torre Abbey is the most significant being valued at £21m. The Council also has properties that although culturally and historically important, are being used for operational purposes. As this purpose is more relevant to users of the financial statements these assets have been classified under the heading 'Property, Plant and Equipment' on the balance sheet. For example, these assets include Torquay Town Hall and Electric House which are used as office accommodation. The Council uses an external RICS qualified valuer to provide property reinstatement valuations for insurance purposes.

15. Investment Properties

Properties that are held by the Council primarily for investment returns and capital appreciation.

Gross rent income relating to these properties in 2020/21 was £13m, (£11m 19/20) with operating costs of £0.8m (£0.3m 19/20).

| 31 st March 2020 | | 31 st March 2021 |
|-----------------------------|----------------------------|-----------------------------|
| £m | | £m |
| 148.7 | Opening Balance | 208.7 |
| 66.8 | Purchases in year | (0.3) |
| (6.8) | Movements in value in year | (5.3) |
| 208.7 | Total | 203.1 |

16. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

| 31 st March 2020 | | | 31 st March 2021 | |
|-----------------------------|---------|--|-----------------------------|---------------|
| Non Current | Current | | Non Current | Current |
| £m | £m | | £m | £m |
| | | Investments | | |
| 5.0 | 44.8 | Loans and receivables (at amortised cost) | 0 | 67.5 |
| 4.7 | 4.5 | Financial assets at fair value through profit and loss | 4.7 | 4.5 |
| 9.7 | 49.3 | Total investments | 4.7 | 72.0 |
| | | Cash & Cash Equivalents | | |
| 0 | (1.0) | Cash in hand and Bank (net) | 0 | (1.3) |
| 0 | 7.6 | Loans and receivables (at amortised cost) | 0 | 0.8 |
| 0 | 6.6 | Total Cash & Cash Equivalents | 0 | (0.5) |
| | | Debtors | | |
| 23.1 | 20.6 | Financial assets carried (at amortised cost) | 27.6 | 40.5 |
| 23.1 | 20.6 | Total Debtors | 27.6 | 40.5 |
| | | Borrowings/Liabilities | | |
| (391.5) | (5.4) | Financial liabilities (at amortised cost) | (388.9) | (4.4) |
| (391.5) | (5.4) | Total borrowings | (388.9) | (4.4) |
| | | Other Long-Term Liabilities | | |
| (16.7) | (0.8) | PFI liability (at amortised cost) | (16.0) | (0.7) |
| (4.9) | 0 | Financial Guarantee | (7.8) | 0 |
| (21.6) | (0.8) | Total Other Long-Term liabilities | (23.8) | (0.7) |
| | | Creditors | | |
| (1.4) | (21.3) | Financial liabilities (at amortised cost) | (1.1) | (35.3) |
| (1.4) | (21.3) | Total Creditors | (1.1) | (35.3) |
| (381.7) | 49.0 | Total All Financial Instruments | (381.5) | 71.6 |

The Council has not pledged any financial assets as collateral for liabilities or contingent liabilities or has any loans payable including interest due in default. The main measurement bases used by the Council in preparing the treatment of Financial Instruments within its financial statement are as follows:

| Financial Instrument | Basis of measurement | Note |
|--|--|---|
| Investments – fixed rate | Carrying value adjusted for interest owed at year end | Investments have both fixed term and fixed interest rates |
| Investments – Money Market Funds | Increase in carrying value recognised in Income & Expenditure Account | Interest rate determinable on 1 st April. |
| Investments – Enhanced Money Market Fund | Treated as a Financial Instrument at Fair Value through Profit and Loss as the fund is part of a portfolio of identified | Carrying value of the fund at 31 st March is the fair value of the Fund. |

| Financial Instrument | Basis of measurement | Note |
|---|---|---|
| | financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. | |
| Investments – CCLA Property Fund | Treated as a Financial Instrument at Fair Value through Profit and Loss. | Carrying value of the fund at 31 st March is the fair value of the Fund. Dividends due in year are recognised in CIES. In addition, changes to the fair value of the fund are accounted for in the Income and Expenditure Account with a statutory override reversing the impact of these movements in the MIRS. |
| Investments – Other | Held at carrying value on basis of materiality | |
| Contractual Debt/payables | Held at invoiced or billed amount less an estimate of impairment for the uncollectability of that debt. | Excludes non contractual debt such as Council tax and NNDR |
| PWLB and fixed rate Market Debt | Carrying value adjusted for interest due at year end | Borrowing is both fixed term and fixed interest rates |
| LOBO Debt | Balance measured using the effective interest rate within the contract for the maximum life of the deal | Rate calculated over full term assuming the options within the contract are not exercised. |
| Financial Instruments under adverse economic conditions | All financial instruments assessed for impairment from economic conditions | As appropriate the impairment for contractual debt will be reviewed. The Council does not hold any investments which it has assessed to be subject to any impairment. |
| Financial Guarantee | IAS19 valuation of pension liability | |
| Council Companies | Held at initial investment (i.e., value of shares) | |

The Council in compiling its accounts assessed all its financial instruments and any that were not considered material no adjustment was made to the carrying value of the asset or liability.

The Council under IFRS9 has designated its holding in two of its subsidiaries, TDA and SWISCO as an “investment in an equity instrument designated at fair value through other comprehensive income”. Where the purpose of the subsidiaries are to primarily provide services on behalf of the council, the initial and subsequent recognition of the Council's investment in its subsidiaries is at the nominal value of the shares held. Where a subsidiary company has its own subsidiary companies, the investment will continue to be at the nominal value of the shares held.

Income, Expense, Gains and Losses

| | 2019/20 | | | | 2020/21 | | | |
|---|--|---|--|-------|--|---|--|--------------|
| | Financial Liabilities | Financial Assets | | Total | Financial Liabilities | Financial Assets | | Total |
| | Liabilities measured at amortised cost | Loans and receivables (treasury management) | Assets at Fair Value through Profit and Loss | | Liabilities measured at amortised cost | Loans and receivables (treasury management) | Assets at Fair Value through Profit and Loss | |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Interest expense | 9.1 | 0 | 0 | 9.1 | 11.8 | 0 | 0 | 11.8 |
| Reductions in fair value re interest due | 1.7 | 0 | 0 | 1.7 | 0 | 0 | 0 | 0 |
| Total expense in Surplus or Deficit on the Provision of Services | 10.8 | 0 | 0 | 10.8 | 11.8 | 0 | 0 | 11.8 |
| Interest income | 0 | (0.2) | (0.2) | (0.4) | 0 | (0.2) | (0.2) | (0.4) |
| (Gain) /Loss in fair value | 0 | (0.3) | 0.1 | (0.2) | 0 | 0 | 0 | 0 |
| Total income in Surplus or Deficit on the Provision of Services | 0 | (0.5) | (0.1) | (0.6) | 0 | (0.2) | (0.2) | (0.4) |
| Net gain/(loss) for the year | 10.8 | (0.5) | (0.1) | 10.2 | 11.8 | (0.2) | (0.2) | 11.4 |

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. For financial assets that are short term, “cash accounts” or are held at their carrying value as at 31 March the carrying amount is a reasonable approximation of fair value. The fair value of debtors and creditors is taken to be the invoiced or billed amount

For PWLB debt, with a carrying value of £381.5m (£385.2m 19/20), the fair value of £444.2m (£444.5m 19/20 restated) has been assessed by using observed market rates as at 31 March 2021 for similar transactions and then matched, as appropriate, to the duration on an existing maturity. No early repayment or impairment is recognised. For non PWLB loans, with a carrying value of £10.1m (£10.1m 19/20), the fair value of £19.9m (£18.2m 19/20 restated) has been assessed by using discount rates of similar length and structure with a comparable lender as at 31 March 2021. For both fair values, under the requirements of IFRS13, these values are based on Level Two inputs, i.e., inputs other than quoted prices that are observable.

The fair value of the liabilities (borrowing) is higher than the carrying amount because the Council’s portfolio of loans includes several fixed rates where the interest rate payable is higher than the rates available for similar loans at the balance sheet date for the term remaining. The commitment to pay interest above current market rates increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the loans.

It should be noted that the PWLB also provided a fair value of the Council’s PWLB debt as at 31st March 2021 of £530.8m (£613.5m 19/20). This is higher than the fair value PWLB amount of £444.2m (£444.5m 19/20 restated) as the PWLB has used their “premature redemption rate of interest” to calculate fair value. This rate is a more punitive rate than current rates that only applies if a Council repays debt early.

The Council has a liability for the remaining 6.5 years on its 25-year School PFI contract for the construction element. The fair value of the liability as at 31 March 2021 of £5.8m (19/20: £6.3m restated) has been assessed using Level Two inputs from the AA Corporate Bond Yield Curve published by Bloomberg, i.e., an input other than quoted prices that are observable.

The Council has a liability for the remaining 18.5 years on its 25-year Energy from Waste PFI contract for the construction element. The fair value of the liability as at 31st March 2021 of £23.9m (£23.8m 19/20) has been assessed using Level Two inputs using a PWLB annuity discount rate, i.e., an input other than quoted prices that are observable.

17. Nature and Extent of Risks Arising from Financial Instruments

The Council’s activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock movements

The Council’s overall risk management programme (as outlined in its Treasury Management Strategy) focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Council’s treasury team, under policies and practices approved by full Council in March 2010 and updated in February 2019. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk,

credit risk and the investment of surplus cash. The Council's treasury team also, as required, make in year adjustments in the event of changing circumstances such as economic pressures impacting on rates or changes to investment counterparty lists.

Credit and Counterparty Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers. Deposits are not made with banks and financial institutions unless they have a sufficiently high credit rating, as designated by independent credit rating agencies, or other strong measure of security such as a central government guarantee. The system of counterparty selection includes the adoption of robust credit assessment of suitable counterparties performed by the Councils treasury management advisors.

| Asset Type | Credit Risk Management | Estimation of Impairment Loss |
|----------------------------------|---|--|
| Loans to other authorities | Guaranteed by statute | No allowance required |
| Banks and financial institutions | Deposits are restricted in line with Council's approved Treasury Strategy. | No historic or forecast losses. |
| Loans | All loans subject to internal risk appraisal, where appropriate guarantees and/or security is obtained in event of default. | No historic or forecast losses |
| Other Debtors | Debtors are not subject to internal credit ratings and have been grouped for the purposes of calculating expected losses | Expected credit losses (impairment) estimated based on age and type of debt. |

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability, adjusted to reflect current market conditions.

| 2020/21 | Value as at 31 st March 2021 | Fitch rating A | Fitch rating A+ | Fitch rating AAA | Historical experience of default | Historical experience adjusted for market conditions as at 31 st March 2021 | Estimated maximum exposure to default and uncollectability at 31 st March 2021 |
|--|---|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|--|---|
| | £m | | | | % | % | £m |
| Deposits with banks and other financial institutions | 37.3 | 5.8 | 17.1 | 14.4 | 0 | 0 | 0 |
| Deposits held in Enhanced Money Market Fund | 4.5 | 0 | 0 | 4.5 | 0 | 0 | 0 |
| Deposits held with other public sector bodies | 31.0 | n/a as public sector | | | 0 | 0 | 0 |
| Units purchased in CCLA Property Fund | 4.7 | 0 | 0 | 4.7 | 0 | 0 | 0 |
| Trade and other Receivables, excluding loans (Sundry, Beach Huts & Harbour Debt) | 7.1 | Not applicable | | | 0.5% | 7% | 0.5 |

The Council does not generally allow credit to customers. However, as a response to the economic impact of COVID in 2020/21 on some of the Council's tenants extended payment terms were agreed which has increased the value of debt outstanding as at 31 March 2021. Within the Council's sundry debt total of £7.1m (£5.0m 19/20), £2.2m (£1.1m 19/20) is over three months due for payment. The past due amount can be analysed by age as follows:

| 31 st March 2020 | | 31 st March 2021 |
|-----------------------------|--------------------------|-----------------------------|
| £m | | £m |
| 3.9 | Less than 3 months | 4.9 |
| 0.9 | Three months to one year | 1.4 |
| 0.2 | More than one year | 0.8 |
| 5.0 | Total | 7.1 |

At year end the level of impairment for all Council debt is assessed and reflected in the value of the impairment disclosed in the debtors note.

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loans Board and short-term funding facilities with its Bankers, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, there is a risk that the Council will be bound to replenish a proportion of its borrowings at a time of unfavourable interest rates. The Council's treasury team aim to ensure that the Council's borrowing portfolio is spread over a range of maturities by a combination of careful planning of new loans taken out and, where it is economic to do so, rescheduling debt.

The maturity analysis of fixed rate borrowing (principal only) is as follows:

| 31 st March 2020 | | 31 st March 2021 |
|-----------------------------|---------------------------------|-----------------------------|
| £m | | £m |
| 5.4 | Less than one year | 2.6 |
| 2.6 | Between one and two years | 3.6 |
| 14.9 | Between two and five years | 16.9 |
| 25.8 | Between five and ten years | 30.3 |
| 68.9 | Between ten and twenty years | 67.9 |
| 67.2 | Between twenty and thirty years | 67.5 |
| 212.1 | Above thirty years | 202.7 |
| 396.9 | Total | 391.5 |

The Council monitors and manages its cash flow daily to ensure it has, always, short term liquidity to meet payables and other liabilities.

Market Risk

There are three market related risks the Council is aware of: Interest Rate Risk, Price Risk and Foreign Exchange Risk. Further detail of each risk is outlined below:

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowing and investments. Movements in interest rates have a complex impact on the Council. For example, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expenses charged to the Comprehensive Income and Expenditure will rise
- borrowings at fixed rates - the fair value of the liabilities borrowings will rise
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure will rise
- investments at fixed rates - the fair value of the assets will fall

Where the Council has borrowed on a fixed rate basis there will be no variation between the carrying value and fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure account or Movement in Reserves Statement (MIRS). However, any changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure and effect the General Fund Balance.

The Council has several strategies for managing interest rate risk. Its policy is to limit its exposure to variable rate loans. As at 31st March 2021 the Council didn't have any PWLB borrowing at variable interest rates however the Council does have £5m in a market loan (LOBO) where in future years the rate could vary.

The Council's treasury management team has an active strategy for assessing interest rate exposure that supports the setting of the annual budget and which is used to proactively manage the Council's investments and borrowings during a year.

If on the 31st March 2021 the interest rates are 1% higher than the actual interest rates the financial impact would be:

a) Borrowing:

The Council had no variable rate borrowing as at 31st March 2021 so there would be no impact.

b) Investments:

It is reasonable to assume that the Council's investments in "cash" accounts, money market funds and the fund manager should increase by the change in interest rates. If the Council's investment in these instruments were maintained at the level as at 31st March 2021 for a full financial year, this would generate an additional £0.4m over a year if rates increase by 1%. It should be noted that if the interest rate increase was forecast it is likely the profile of fixed rate deposits would have been invested on that basis.

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council does not generally invest in equity shares. The Council does have an equity interest in several companies as part of service delivery. The Council's holding in the CCLA property fund will vary in price depending on the Fund's performance.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies (except for an occasional non sterling creditor payment) and thus have no exposure to loss arising from movements in exchange rates.

18. Investments

Long Term Investments

Long term investments comprise any cash investments the Council has made with a maturity more than one year and an investment in a Property Fund managed by the CCLA.

| 2019/20 Cash Investment £m | Property fund £m | | Cash Investment £m | 2020/21 Property Fund £m | Total £m |
|-------------------------------------|------------------------|---|--------------------------|-----------------------------------|-------------|
| 0 | 5.0 | Balance at start of year: | 5.0 | 4.7 | 9.7 |
| 5.0 | (0.3) | Change in Investment | (5.0) | (0) | (5.0) |
| 5.0 | 4.7 | Fair Value as at 31st March | 0 | 4.7 | 4.7 |

Short Term Investments

Temporary investments are short term investments with a maturity less than one year that are held for investment purposes not short-term cash flow liquidity.

| Total Invested 31st March 2020 £ m | | Total Invested 31st March 2021 £ m |
|--|--|--|
| | Short Term Investments (less than 1 year) | |
| 19.0 | Deposits: fixed term & structured | 31.0 |
| 25.5 | Notice\Call Accounts | 36.4 |
| 4.0 | Enhanced Money Market Fund * | 4.0 |
| 48.5 | Total Short-Term Investments | 71.4 |
| 49.3 | <i>Fair Value as at 31st March - including interest due</i> | 72.0 |

Note * - The Council has designated its holding with an Enhanced Money Market Fund at Fair Value through Profit and Loss as, in substance, the Council's holding is part of a portfolio of identified financial instruments that are managed together and there is evidence of short-term profit making.

19. Debtors

Debtors represent monies owed to the Council and include deposits and payments in advance.

Long Term Debtors (Due over one year including payment in advance)

| 31 March 2020 £m | | 31 March 2021 £m |
|---------------------|------------------------------------|---------------------|
| 16.1 | Loans | 17.7 |
| 1.3 | Social Services – Client Debt | 1.6 |
| (0.1) | Impairment re Client Debt | 0 |
| 0 | Pension Related | 0.5 |
| 5.8 | Asset Related (capital accounting) | 7.8 |
| 23.1 | Total | 27.6 |

Current Debtors (Due within one year including payments in advance)

| 31 st March 2020 £m | | 31 st March 2021 £m |
|-----------------------------------|---|-----------------------------------|
| 4.3 | Central government bodies (WGA) | 18.1 * |
| 4.2 | Other local authorities and public bodies | 4.1 |
| 0.4 | NHS bodies | 1.5 |
| 7.2 | Council Tax (including liability orders) | 9.4 |
| 1.5 | NNDR (including liability orders) | 1.6 |
| 4.1 | Housing Benefit Overpayments | 3.7 |
| 13.6 | Other entities and individuals | 19.6 |
| 35.3 | Sub Total | 58.0 |
| (12.4) | Impairment (collectability of debt) | (16.5) |
| 22.9 | Total | 41.5 |

Note * - includes £12m due from MHCLG for the 2020/21 Collection Fund deficit in relation to NNDR reliefs awarded to retail, leisure, and hospitality businesses due to the economic impact of COVID.

Local Taxation

The total net debt for Council Tax and NNDR is analysed by age of debt. Impairment is not included. These amounts are included in the debtor note above and prepayments (creditors) below.

| Council Tax £m | NNDR £m | Total 2019/20 £m | | Council Tax £m | NNDR £m | Total 2020/21 £m |
|-------------------|------------|------------------------|--------------|-------------------|------------|------------------------|
| 2.2 | 0.9 | 3.1 | Up to 1 year | 2.5 | 0.6 | 3.1 |
| 2.5 | 0.7 | 3.2 | 1 to 3 years | 3.8 | 1.3 | 5.1 |
| 1.6 | 0.3 | 1.9 | Over 3 years | 2.2 | 0.4 | 2.6 |
| 6.3 | 1.9 | 8.2 | Total | 8.5 | 2.3 | 10.8 |

Loans

The Council has provided the following loan or loan facility to the following organisations. These loans are included in the Council's long and short-term debtor balances on (and notes to) the balance sheet as at 31 March 2021.

| Value of loan -31 st March 2020 £m | Organisation | Value of loan -31 st March 2021 £m | Due within one year £m | Due in excess of one year £m |
|--|----------------------|--|------------------------------|---------------------------------------|
| 2.8 | TDA | 2.8 | 0.1 | 2.7 |
| 0.1 | Tor Vista Homes | 3.8 | 2.0 | 1.8 |
| 3.6 | South Devon College | 3.4 | 0.2 | 3.2 |
| 0 | SWISCo Ltd | 0.3 | 0 | 0.3 |
| 9.3 | THAT Group | 9.3 | 0 | 9.3 |
| 0.5 | Effect Photonics Ltd | 0.5 | 0.1 | 0.4 |
| 16.3 | Total | 20.1 | 2.4 | 17.7 |

20. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents, including use of bank overdrafts, is made up of the following elements:

| 31 March 2020 | | 31 March 2021 |
|---------------|--|---------------|
| £m | | £m |
| (1.0) | Bank current accounts | (1.3) |
| 7.6 | Short-term deposits with Money Market Funds and Liquidity Accounts | 0.8 |
| 6.6 | Total Cash and Cash Equivalents | (0.5) |
| 8.2 | <i>Current Assets</i> | 2.1 |
| (1.6) | <i>Current Liabilities</i> | (2.6) |
| 6.6 | Total Cash and Cash Equivalents | (0.5) |

21. Creditors

Represents monies owed by the Council

Long Term Creditors (due over one year)

| 31 March 2020 | | 31 March 2021 |
|---------------|-------------------------------|---------------|
| £m | | £m |
| 3.0 | Section 106 agreements | 2.4 |
| 0.3 | Salix Finance | 0.1 |
| 0.8 | PFI Sinking Fund - Contractor | 0.7 |
| 0.2 | Other | 0.4 |
| 4.3 | Total | 3.6 |

Current Creditors (due within one year including revenue receipts in advance)

| 31 March 2020 | | 31 March 2021 |
|---------------|---|---------------|
| £m | | £m |
| 9.6 | Central government bodies (WGA) | 40.3 * |
| 4.6 | Other local authorities and public bodies | 2.8 |
| 1.0 | NHS bodies | 2.1 |
| 18.6 | Other entities and individuals | 20.1 |
| 33.8 | Total | 65.3 |

Note * - includes funds due to central government relating to COVID funding including the balances at year end on the various BEIS business support schemes.

22. Provisions

Represents monies potentially owed by the Council but the timing and value of the payment is uncertain.

| | Insurance | NNDR Appeals * | Total |
|---------------------------------|------------|----------------|------------|
| | £m | £m | £m |
| Balance at 31 March 2020 | 0.2 | 4.9 | 5.1 |
| Provisions made in year | - | - | 0 |
| Provisions reversed in year | - | (0.4) | (0.4) |
| Amounts used in year | (0.1) | - | (0.1) |
| Balance at 31 March 2021 | 0.1 | 4.5 | 4.6 |
| <i>Short term</i> | <i>0.1</i> | <i>4.5</i> | <i>4.6</i> |
| <i>Long term</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| <i>Balance at 31 March 2021</i> | <i>0.1</i> | <i>4.5</i> | <i>4.6</i> |

*An analysis of NNDR movements in year not separately identifiable as appeals are reflected within a premises' overall NNDR liability in Collection Fund

Name of Provision

Description of Provision

Insurance

Reflects a reliable estimate of Council liability on all known claims outstanding as at 31st March, which

have yet to be settled. The timing of spend will be up to three years depending on claim type.

NNDR Appeals

Reflects the Council's 49% share of the estimated value of outstanding NNDR appeals submitted to the Valuation Office by 31st March.

23. Borrowing

This heading reflects the borrowing undertaken by the Council to fund its approved capital programme. Any costs of borrowing are reflected in the Comprehensive Income and Expenditure Statement for interest charges and the Minimum Revenue Provision for the repayment of debt. Any "unsupported" borrowing undertaken using the Prudential Code will have to be funded from within Council resources, savings, or additional income.

| 31 st March 2020 | | 31 st March 2021 |
|-----------------------------|---|-----------------------------|
| Principal £ m | Borrowing Repayable | Principal £ m |
| | Amounts falling due within one year | |
| 3.7 | Public Works Loans Board loans | 2.6 |
| | Amounts falling due more than one year | |
| 10.0 | Money Market loans | 10.0 |
| 381.5 | Public Works Loans Board loans | 378.9 |
| 395.2 | Total | 391.5 |
| 396.9 | <i>Carrying Amount as at 31st March - including interest due</i> | 393.3 |

The table below shows an analysis of the maturity of (all) loans repayable (by principal outstanding):-

| Total Principal Outstanding 31 st March 2020 £ m | Analysis of Loans by Maturity | Average Interest Rate | Total Principal Outstanding 31 st March 2021 £ m |
|---|---|-----------------------|---|
| 3.7 | Within 1 year - (short term) | 3.81% | 2.6 |
| 2.6 | 1 up to 2 years | 3.69% | 3.7 |
| 3.6 | 2 up to 3 years | 3.81% | 7.6 |
| 2.6 | 3 up to 4 years | 2.59% | 3.7 |
| 8.7 | 4 up to 5 years | 4.07% | 5.6 |
| 25.8 | 5 up to 10 years | 2.60% | 30.3 |
| 42.0 | 10 up to 15 years | 3.43% | 32.4 |
| 26.8 | 15 up to 20 years | 3.54% | 35.5 |
| 36.8 | 20 up to 25 years | 3.40% | 32.6 |
| 242.6 | Over 25 years | 2.82% | 237.5 |
| 395.2 | Total | 2.99% | 391.5 |
| 396.9 | <i>Carrying amount as at 31st March - including interest due.</i> | | 393.3 |
| 431.7 | <i>Fair value (as IFRS 13 see Note 16 Fair Value of Assets and Liabilities)</i> | | 464.1 |

Lenders Option Borrowers Option (LOBO)

The Council has one LOBO loan (Lenders Option Borrowers Option) with Dexia that has at inception, a constant rate of interest for the length of the loan. On the loan the lender (Dexia) has the option to increase the rate beyond the agreed rates after an initial period and at agreed intervals thereafter. The borrower then has the option to continue at the higher rate or repay the loan incurring no penalty. The loan will continue for the full term at the agreed rate unless the lender exercises the option to increase the rate of interest. The Council's loan with Barclays PLC is no longer classified as a LOBO as Barclays PLC have confirmed that they will not enact their option for the life of the loan.

24. Liabilities

The Council has entered into a contract or agreement that guarantees future payments to a third party.

| 31 st March 2020 | | 31 st March 2021 |
|-----------------------------|---------------------------------------|-----------------------------|
| £m | | £m |
| | Liabilities due within 1 year | |
| 0.7 | PFI Liability - Schools | 0.7 |
| 0.1 | PFI Liability – EFW | 0.1 |
| 0.8 | PFI Liability – EFW – Deferred Income | 0.8 |
| 0.7 | DCC Pre LGR Liability | 0.7 |
| 2.3 | Total due within 1 year | 2.3 |
| | Liabilities due over 1 year | |
| 5.0 | PFI Liability – Schools | 4.3 |
| 11.7 | PFI Liability – EFW | 11.6 |
| 15.9 | PFI Liability – EFW – Deferred Income | 15.1 |
| 6.9 | DCC Pre LGR Liability | 4.6 |
| 4.9 | TDA – LGPS Pension liability | 7.9 |
| 44.4 | Total due over 1 year | 43.5 |
| 46.7 | Total Liabilities | 45.8 |

The Spires and Homelands Schools PFI Scheme

A Project Agreement was signed on 31st March 2000 with Torbay School Services Ltd (TSS) for the provision of serviced facilities at The Spires (formerly Westlands) Secondary and Homelands Primary Schools in Torquay. The period of the contract is 26 years from the actual completion of the redevelopment of The Spires School buildings, which occurred on 24th October 2001 (i.e., expires in 2027). Payments under the contract commenced on 1st April 2001 when Phase 1 of The Spires was completed. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the schools. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. There were no changes to the contract arrangements during the year.

Schools - PFI Property Plant and Equipment

The assets used to provide services at both schools are recognised on the Council's Balance Sheet. Since the PFI contract started The Spires school became a Foundation School. The Council has retained the liability to the PFI contractor.

School - PFI Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. In relation to this contract the Council recognises as a liability on its balance sheet the element of this annual payment that relates to the construction and purchase of the two schools. The other elements of the contract, finance costs and service charges are recognised on an annual basis in the Council's Comprehensive Income and Expenditure Statement. Payments remaining to be made under the PFI contract at 31 March 2021 (excluding any estimation of inflation and availability/performance deductions) are as follows:

| | Payment for Services * | Reimbursement of Capital Expenditure | Interest | Total |
|------------------------------|------------------------|--------------------------------------|------------|-------------|
| | £m | £m | £m | £m |
| Payable in 2021/22 | 2.2 | 0.7 | 0.3 | 3.2 |
| Payable within 2 to 5 years | 8.6 | 3.0 | 0.6 | 12.2 |
| Payable within 6 to 10 years | 3.2 | 1.3 | 0.1 | 4.6 |
| Total | 14.0 | 5.0 | 1.0 | 20.0 |

* Assumption that the total annual payment for all three elements to the contractor will remain constant (ignoring inflation) until 2027/28 when the contract finishes.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding to pay to the contractor for capital expenditure incurred is as follows:

| 2019/20 | | 2020/21 |
|---------|--|------------|
| £m | | £m |
| 6.3 | Balance outstanding at start of year | 5.7 |
| (0.6) | Payments during the year | (0.7) |
| 5.7 | Balance outstanding at year-end | 5.0 |

Energy from Waste Plant – Private Finance Initiative

Torbay, in partnership with Plymouth and Devon County Councils has entered into a 25 year PFI contract with MVV Umwelt for the construction and operation of an Energy from Waste Plant for the disposal of domestic waste. The Plant became operational in April 2015, the Councils deliver waste to the facility paying a unitary charge linked to waste tonnages. The period of the contract operation is to a fixed contract end date in November 2039

The three Councils appointed MVV Umwelt under a fixed price contract to finance, construct and design the 245,000 tonne capacity facility, maintain it to a minimum acceptable condition over a 24 year term, with an option to extend operations for another 5 years. The Councils have

the right to terminate the contract but must compensate MVVU in full for costs incurred and for future profits that would have been generated over the remaining term of the contract. At the end of the contract term buildings, plant and equipment will be transferred back to the Councils for nil consideration should the partnership elect to exercise this option.

The EFW facility is located on Ministry of Defence land at Camel's Head, North Yard in Devonport Dockyard in Plymouth. The contract specifies the activities offered by the facility, the opening hours and the expected minimum standard of service to be provided by the operator. MVV Umwelt is required to receive all the residual waste from the defined area of the local authority partnership for which the councils are obliged to pay a fixed, but index linked gate fee based on a guaranteed waste tonnage, with an additional charge for any extra waste delivered by the councils over and above the contractual waste.

EFW - PFI Property Plant and Equipment

Income and expenditure, assets and liabilities are recorded in each of Plymouth City Council, Torbay Council and Devon County Council's Statements of Accounts respectively in the ratio 48:17:35 based on estimated tonnages for 2015/16: The total construction costs were £195m, Torbay Council's initial recognition of its share was £33m. The plant was revalued as at 31st March 2021 and its value is carried in its balance sheet together with a corresponding liabilities for both the Council's share of the liability and a deferred income sum to reflect the value of the third party income due to be received by the operator over the life of the contract.

EFW - PFI Payments

The three Councils each make a payment each year to the operator based on actual tonnages where the cost can vary depending on whether the tonnage is within set bands as specified by the contract. The costs are allocated between the three Councils based on agreed Financial Allocation Mechanism which is closely linked to actual tonnages delivered from the three councils compared the forecast tonnages in the business case. In relation to this contract the Council recognises as a liability on its balance sheet its share of the element of the annual payment that relates to the construction and purchase of the facility. The other elements of the contract, finance costs and service charges, are recognised on an annual basis in the Council's Comprehensive Income and Expenditure Statement. Torbay's share of payments remaining to be made under the PFI contract at 31 March 2021 (excluding any estimation of inflation) is as follows:

| | Payment for Services * | Reimbursement of Capital Expenditure | Interest | Total |
|-------------------------------|------------------------|--------------------------------------|------------|-------------|
| | £m | £m | £m | £m |
| Payable in 2021/22 | 2.8 | 0.1 | 1.1 | 4.0 |
| Payable within 2 to 5 years | 11.0 | 1.0 | 3.9 | 15.9 |
| Payable within 6 to 10 years | 15.0 | 2.0 | 3.7 | 20.7 |
| Payable within 11 to 15 years | 16.1 | 3.8 | 1.6 | 21.5 |
| Payable within 16 to 19 years | 12.0 | 4.8 | (0.6) | 16.2 |
| Total | 56.9 | 11.7 | 9.7 | 78.3 |

* Assumption that the total annual payment for all three elements to the contractor will remain constant (ignoring inflation) until 2039 when the contract finishes.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding to pay to the contractor for capital expenditure incurred split between Torbay and the third-party income deferred income liability is as follows:

| 2019/20 £m | 2019/20 £m | | 2020/21 £m | 2020/21 £m |
|---------------|-----------------|--|---------------|-----------------|
| Torbay Share | Deferred Income | | Torbay Share | Deferred Income |
| 11.9 | 17.5 | Liability outstanding at start of year | 11.8 | 16.7 |
| (0.1) | (0.8) | Payments during the year | (0.1) | (0.8) |
| 11.8 | 16.7 | Liability outstanding at year-end | 11.7 | 15.9 |

Local Government Reorganisation 1998

Torbay Council became a unitary Council in 1998 taking over some of the services previously provided by Devon County Council. The Council agreed to fund a tax base share (11.73%) of any future costs that Devon incurred in relation to discretionary pension enhancements that Devon County Council had agreed to pay to its staff prior to 1998. The payment to Devon County Council in 2020/21 was £0.7m (£0.7m 2019/20). The estimate of the remaining liability of £5.3m (£7.6m 19/20) is based on Devon County's IAS19 disclosures.

| 2019/20 £m | | 2020/21 £m |
|---------------|--|---------------|
| 8.3 | Liability outstanding at start of year | 7.6 |
| 0 | IAS19 Actuarial remeasurements | (1.6) |
| (0.7) | Payments during the year to Devon County | (0.7) |
| 7.6 | Liability outstanding at year-end | 5.3 |

TDA Pension Liability Guarantee

In 2019/20 the Council recognised a financial guarantee for the pension liability for the TDA (a subsidiary company) that would require the Council to pay the TDA employer pension payments to the Devon County Pension Fund if the TDA defaulted on the payments. The TDA remains an admitted body to the pension scheme and will make higher employer contributions to mitigate any financial risk to the Council. The TDA will continue to recognise a pension liability under IAS19 and recognises an asset to the value of that IAS19 Liability. The value of the Council's liability is a judgement under IFRS9 derivative liabilities and has been assessed as 100% of the value of the TDA IAS19 pension liability. Value of the liability as at 31 March 2021 is £7.9m (£4.9m 19/20).

25. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and each reserve is shown in the table below:

| 31 st March 2020 £m Restated | | For in year movements see Note: - | 2020/21 movement £m | 31 st March 2021 £m |
|---|---|---|---------------------------|--------------------------------------|
| 4.6 | General Fund Reserve | 9 | 1.1 | 5.7 |
| 34.3 | Earmarked Reserves | 10 | 23.4 | 57.7 |
| 0.4 | Usable Capital Receipts Reserve | 9 | 1.4 | 1.8 |
| 9.8 | Capital Grants & Contributions Unapplied | 9 | 2.4 | 12.2 |
| 49.1 | Total Usable Reserves | | 28.3 | 77.4 |

26. Unusable Reserves

Movements in the Council's unusable reserves are detailed in the Movement in Reserves Statement and each reserve is shown in the table below. A full description of each reserve is available in the glossary:

| 31 st March 2020 Restated £m | | For in year movements see Note:- | 2020/21 movement £m | 31 st March 2021 £m |
|--|---|--|---------------------------|---|
| 89.8 | Revaluation Reserve | 26.1 | 0.4 | 90.2 |
| 80.0 | Capital Adjustment Account | 9 | (7.5) | 72.5 |
| 2.7 | Deferred Capital Receipts* | 9 | 2.0 | 4.7 |
| (0.2) | Pooled Investment Fund Adjustment AC | 9 | (0.1) | (0.3) |
| (180.6) | Pensions Reserve (Funded and Unfunded) | 9 | (43.9) | (224.5) |
| 0.8 | Collection Fund Adjustment Account | 9 | (14.8) | (14.0) |
| (3.8) | Dedicated Schools Grant Deficit Account* | 9 | (2.0) | (5.8) |
| (1.2) | Accumulating Compensated Absences Adjustment Account | 9 | (0.7) | (1.9) |
| (12.5) | Total Unusable Reserves | | (66.6) | (79.1) |

* Note: The Dedicated Schools Grant Adjustment Account (Unusable Reserve) was previously the Dedicated Schools Grant Reserve (Usable Reserve), reclassified under regulation. Deferred Capital Receipts re-classified to an Unusable Reserve.

26.1 Revaluation Reserve

| 2019/20 | 2020/21 | | |
|---------|---|------|-------------|
| £m | | Note | £m |
| 86.6 | Balance at 1 April | | 89.8 |
| 7.6 | Revaluation of assets | | 8.4 |
| (2.2) | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | | (3.6) |
| (1.4) | Difference between fair value depreciation and historical cost depreciation | | (1.7) |
| (0.8) | Accumulated gains on assets sold or scrapped | | (2.7) |
| (2.2) | Total amount written off to the Capital Adjustment Account | 9 | (4.4) |
| 89.8 | Balance at 31 March | | 90.2 |

27. Pooled Budgets

Joint Equipment Store

Under section 75 of the NHS Act 2006, the Council has a pooled budget arrangement with NHS South Devon and Torbay Clinical Commissioning Group (CCG) for the joint provision of an equipment store for the purchase and distribution of items to meet the social care and health needs of people living in the Torbay area. The pooled budget is hosted by the Council as the lead body on behalf of the two partners to the agreement. The Council and the CCG have an agreement in place for funding these with each contributing funds to the agreed budget equal to a 50% split. However, any overspend on the agreed budget is split equally between the two partners and Torbay and South Devon Foundation Trust (ICO). The total expenditure on the pooled budget for 2020/21 was £1.7m (£1.5m 19/20), of which £0.8m (£0.7m 19/20) was borne by the Council.

Better Care Fund

Under section 75 of the NHS Act 2006, the Council has a pooled budget arrangement with NHS South Devon and Torbay Clinical Commissioning Group (CCG) for the revenue elements of the Better Care Fund for the integrated supply of social care and health needs of people living in the Torbay area. The pooled budget is hosted by the CCG as the lead body on behalf of the two partners to the agreement. The total expenditure on the pooled budget for 2020/21 was £11.8m (£11.2m 19/20), of which £3.3m (£3.1m 19/20) was paid to the Council to commission adult social care services and £8.5m (£7.7m 19/20) was used by the CCG to commission

health related services.

Improved Better Care Fund

The Council received £8.6m of Improved Better Care Fund in 2020/21 (£7.7m 19/20) which is reported as part of the Better Care Fund but is managed by the Council separate from the pooled budget.

28. Members' Allowances

Under the Council's Members Allowances scheme £447,000 (£437,000 2019/20) were paid to members of the Council during the year. In addition, £170 of approved expenses was paid (£3,000 2019/20). The current Allowances' scheme can be found on the Council's website.

29. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

| | | Salary | Expenses | Compensation for Loss of Office | Pension Contribution at "common rate" | Total |
|---|----------------|------------|----------|---------------------------------|---------------------------------------|------------|
| | | £000's | £000's | £000's | £000's | £000's |
| Chief Executive (4 days per week) (finished 31 August 2020) | 2020/21 | 48 | 0 | 49 | 8 | 105 |
| | 2019/20 | 112 | 0 | 0 | 17 | 129 |
| Chief Executive (commenced 1 August 2020) | 2020/21 | 94 | 0 | 0 | 16 | 110 |
| | 2019/20 | 0 | 0 | 0 | 0 | 0 |
| Director of Adult Services and Housing (note 1) | 2020/21 | 122 | 0 | 0 | 20 | 142 |
| | 2019/20 | 25 | 0 | 0 | 3 | 28 |
| Nancy Meehan Director of Children's Services (Note 2) | 2020/21 | 154 | 0 | 0 | 26 | 180 |
| | 2019/20 | 0 | 0 | 0 | 0 | 0 |
| Director of Place | 2020/21 | 118 | 0 | 0 | 20 | 138 |
| | 2019/20 | 100 | 1 | 0 | 15 | 116 |
| Director of Finance (s151 officer) | 2020/21 | 104 | 0 | 0 | 17 | 121 |
| | 2019/20 | 95 | 0 | 0 | 14 | 109 |
| Director of Public Health (finished 28 February 2021) | 2020/21 | 130 | 0 | 0 | 18 | 148 |
| | 2019/20 | 108 | 0 | 0 | 16 | 124 |
| Director of Public Health (commenced 18 January 2021) | 2020/21 | 25 | 0 | 0 | 4 | 29 |
| | 2019/20 | 0 | 0 | 0 | 0 | 0 |
| Head of Legal Services and Monitoring Officer (commenced 12 October 20) | 2020/21 | 27 | 0 | 0 | 5 | 32 |
| | 2019/20 | 0 | 0 | 0 | 0 | 0 |
| Director of Corporate Services & Monitoring Officer (finished 31 st July 2020) | 2020/21 | 37 | 0 | 0 | 6 | 43 |
| | 2019/20 | 109 | 0 | 0 | 16 | 125 |

Note 1: 2019/20: The Director of Adult Services and Housing (from May 2019) was an employee of the Torbay and South Devon NHS Foundation Trust and seconded to the Council.

Note 2: 2019/20: The Director of Children’s Services (to January 2020) was an employee of Plymouth City Council and Torbay Council contributed 50% to the cost of the post (£82,000), which includes salary and other costs incurred by Plymouth City Council. From January 2020 the new Director of Childrens Services was employed from an agency who were paid (£49,000) for that period.

The number of employees, including the senior officers disclosed above, receiving more than £50,000 remuneration, excluding employer’s pension contributions, while employed by Torbay Council is set out in the table below in bands of £5,000. Remuneration for these purposes includes all sums paid or receivable by an employee and sums due by way of and the money value of any other benefits received other than in cash. School employees are reducing linked to conversion to Academy status. Employees had a pay award in 2020/21 which would impact on the lower band as the banding has not been inflated.

| Number of Employees by Employer 2019/20 | | | Remuneration Band | Number of Employees by Employer 2020/21 | | |
|--|----------------------|--------------------------------|----------------------|--|----------------------|--------------------------------|
| Council | Schools - Council | Schools - Governing Body | | Council | Schools - Council | Schools - Governing Body |
| 20 | 4 | 2 | £50,000 to £54,999 | 21 | 6 | 8 |
| 7 | 2 | 4 | £55,000 to £59,999 | 13 | 1 | 5 |
| 0 | 1 | 1 | £60,000 to £64,999 | 5 | 3 | 1 |
| 1 | 4 | 4 | £65,000 to £69,999 | 1 | 2 | 3 |
| 1 | 1 | 1 | £70,000 to £74,999 | 0 | 2 | 1 |
| 2 | 0 | 0 | £75,000 to £79,999 | 4 | 0 | 0 |
| 0 | 0 | 2 | £80,000 to £84,999 | 2 | 0 | 2 |
| 1 | 1 | 0 | £85,000 to £89,999 | 0 | 0 | 0 |
| 4 | 0 | 0 | £90,000 to £94,999 | 1 | 0 | 0 |
| 0 | 0 | 0 | £95,000 to £99,999 | 3 | 0 | 0 |
| 1 | 0 | 0 | £100,000 to £104,999 | 2 | 0 | 0 |
| 3 | 0 | 0 | £105,000 to £109,999 | 0 | 0 | 0 |
| 1 | 0 | 1 | £110,000 to £114,999 | 0 | 0 | 0 |
| 0 | 0 | 0 | £115,000 to £119,999 | 1 | 0 | 1 |
| 0 | 0 | 0 | £120,000 to £124,999 | 1 | 0 | 0 |
| 0 | 0 | 0 | £125,000 to £129,999 | 0 | 0 | 0 |
| 0 | 0 | 0 | £130,000 to £134,999 | 1 | 0 | 0 |
| 0 | 0 | 0 | £135,000 to £139,999 | 0 | 0 | 0 |
| 0 | 0 | 0 | £140,000 to £144,999 | 0 | 0 | 0 |
| 0 | 0 | 0 | £150,000 to £154,999 | 1 | 0 | 0 |
| 41 | 13 | 15 | Total | 56 | 14 | 21 |

30. External Audit Costs

The Council will incur the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's appointed external auditors who are Grant Thornton.

| 2019/20 £000 | | 2020/21 £000 |
|-----------------|---|-----------------|
| 103 | Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year | 103 |
| 19 | Fees payable to Grant Thornton for the certification of grant claims and returns for the year | 25 |
| 18 | Fees payable in respect of other services provided by Grant Thornton during the year in respect of 2018/19 & 2016/17 | 0 |
| 5 | Fees payable to Grant Thornton for the certification of grant claims and returns for prior years | 30 |
| 145 | Total | 158 |

The final agreed fee for the external audit for 2020/21 was £126,286.

31. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the schools' budget, as defined in the School Finance and Early Years (England) Regulations 2020. The Schools' Budget includes elements for a range of educational services provided on a Council wide basis and for the individual Schools' Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2020/21 are as follows:

| Schools Budget Funded by Dedicated Schools Grant 2020/21 | | | |
|---|------------------------|---------------------------------|-------------|
| | Central Expenditure | Individual Schools Budget | Total |
| | £m | £m | £m |
| Final DSG for year before Academy Recoupment | | | 110.3 |
| Less Academy figure and direct funding of Higher Needs recouped | | | (69.1) |
| Total DSG after Academy Recoupment * | | | 41.2 |
| Brought Forward from 2019/20 – surplus/(deficit) | | | (3.8) |
| Agreed initial budgeted distribution in year | 18.1 | 19.3 | 37.4 |
| In year Adjustments | (0.3) | 0 | (0.3) |
| Final budgeted distribution for year | 17.8 | 19.3 | 37.1 |

| | | | |
|--|--------------|----------|--------------|
| Less: Actual Central Expenditure | (23.6) | 0 | (23.6) |
| Less: Actual ISB deployed to schools | 0 | (19.3) | (19.3) |
| Carry forward – surplus/(deficit) | (5.8) | 0 | (5.8) |

* Value of DSG reflected in Council's Comprehensive Income and Expenditure Statement

The Dedicated Schools Grant (DSG) has been under financial pressure because of an increasing level of referrals from schools for higher needs support for children. This resulted in a 2020/21 in year over spend of £2.0m.

The Council does not receive any funding for schools therefore the overspend will remain in the DSG to be funded in future years and is not a cost that the Council will fund a position that was confirmed by the Schools and Early Years (England) Finance Regulations 2020. The cumulative deficit balance of £5.8m on the Dedicated Schools Grant is held in the 'Dedicated Schools Grant Adjustment Account' which is classified as an unusable reserve.

32. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

| 2019/20 £m | | 2020/21 £m |
|---------------|---|---------------|
| | Credited to Taxation and Non-Specific Grant Income, Finance & Investment | |
| 6.4 | Revenue Support Grant | 6.5 |
| 0.5 | Other General Grants | 0.1 |
| 0 | COVID-19 unringfenced Grants | 6.7 |
| 1.0 | New Homes Bonus Grant | 0.9 |
| 18.7 | NNDR Top Up, S31 and transitional relief | 30.7 |
| 13.0 | Capital Grants & Contributions | 10.7 |
| 39.6 | Sub Total | 55.6 |
| | Credited to Cost of Services | |
| 39.5 | Dedicated Schools Grant (Dept of Education) | 41.2 |
| 49.7 | Benefit Subsidy & Admin Grant (DWP) | 45.8 |
| 2.1 | Pupil Premium | 2.2 |
| 1.3 | Post 16 Funding (Learning & Skills Council) | 1.4 |
| 9.1 | Public Health Grant | 9.7 |
| 7.7 | Improved Better Care Fund | 8.6 |
| 0.8 | Land Release Fund | 0 |
| 5.4 | COVID 19 funding – service specific grants | 19.7 |
| 1.4 | Social Care Grant | 5.1 |
| 9.1 | Other Central Government Grants – Revenue | 10.6 |
| 4.6 | Other Central Government Grants – REFCUS * | 4.2 |

| | | |
|-------|------------------|--------------|
| 130.7 | Sub Total | 148.5 |
| 170.3 | Total | 204.1 |

In addition, the Council has received several grants and contributions that have yet to be recognised as income as conditions are attached that will require the monies or property to be returned if these conditions are not met.

Note * REFCUS Grants are Capital Grants that are used to fund “Revenue Expenditure Funded Under Statute” where the Council must charge to revenue, capital expenditure where no asset is created, such as spend in relation to Foundation or Academy schools where the Council does not recognise the asset on its balance sheet.

In 2020/21 the Council acted as agent for several BEIS funded Business Support schemes to mitigate the economic impact of COVID. In 2020/21 the total grant payments made by the Council to businesses under the various schemes was £60.5m. In addition, £0.2m of test and trace isolation payments were made to residents that were funded by MHCLG.

33. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Council. Any balances due to/from these related parties at the end of a financial year are included within the Council’s total debtor and creditor figures. Any loans outstanding are included in the Debtors note.

Interest in Companies

The Council maintains involvement with several subsidiary and associated companies.

The Council has provided pension guarantees to the Torbay Economic Development Company Ltd trading as TDA, CSW Group Ltd and SWISCo.

All the companies within the group have a reporting period end date of the 31 March, with exception of TOR2 which has a 30 June date to align with other Kier companies. (Kier own 80.01% of TOR2) and Riviera International Conference Centre which has a 30 September date.

The Torbay Economic Development Company Ltd (trading as TDA) is a private limited company by shares; however, the intention is that any surplus is reinvested into regeneration activity.

TDA has six 100% owned subsidiaries, Complete Facilities Management Services Limited, KAH Holdings Limited, Business Centres South West Limited, C&A Consultants (Torquay) Ltd, TEDC Developments Ltd and TorVista Homes Ltd.

The Council’s interest in TOR2 Ltd is less than the accounting presumption that a 20% holding in a company is necessary for significant influence. The Council has considered its relationship with this company and concluded that it did have significant influence over it due to the dependence it has on the Council. Therefore, the company has been treated as associate. The company’s main business was a 10-year contract with the Council which finished at the end of June 2020 and ceased trading at that date.

As from 1 July 2020, a new company SWISCo, (South West Integrated Services Company) which is 100% owned by Torbay Council commenced trading providing the services previously provided by TOR2 to the Council. Staff and assets were transferred from TOR2 to SWISCO to

enable a smooth handover of services. In December 2020 the Council transferred further services to the company.

In 2019/20 Torbay Education Limited was established to operate the Council's medical tuition school. The company is expected to become operational in November 2021.

From April 2020 the Council had expected to commence a new contract for the management of the Riviera Centre. Due to the economic impact of COVID the start date was delayed (now April 2021). Therefore, the Council took control of the appointments of the Board thus taking effective control over the company for just 2020/21 only.

| Company Name and Reg'n No | Type of Company | Commenced Trading | Principal Activities during the year | Assessed Relationship | Shareholding /Control and Company Directors as at 31/3/20 |
|---|---|-----------------------------|--|-----------------------|--|
| Torbay Economic Development Company Ltd 07604855 Trading as TDA | Private Limited Company | 14 th April 2011 | To bring about Regeneration in Torbay In 20/21 Council paid £1.2m (£1.2m 19/20) of core funding Total Long Term Debtors to the TDA Group £8.1m | Subsidiary | Shareholding /Control: 100% Members and Officers of Torbay Council that were Directors of this Company are as follows:- Cllr James O'Dwyer Cllr Cordelia Law Cllr Swithin Long S Parrock (Officer Torbay Council to end August 2020 & Chief Executive TDA) A full list of directors is available on the TDA Group website. |
| Complete Facilities Management Services Limited 10608599 | Private Limited Company – 100% owned by Torbay Economic Development Company Ltd | 1 April 2017 | To provide cleaning services to the Council, TDA and other clients In 20/21 Council paid £0.3m (£0.2m 19/20) for services | Subsidiary | Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:- S Parrock (Officer Torbay Council to end August 2020 & Chief Executive TDA) L M Montgomery (TDA employee who is member of Council's senior leadership team) |
| C & A Consultants (Torbay) Limited 02773632 | Private Limited Company – 100% owned by Torbay Economic Development Company Ltd | April 2019 | Construction of civil engineering projects and other engineering activities | Subsidiary | Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:- S Parrock (Officer Torbay Council to end August 2020 & Chief Executive TDA) |

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| Company Name and Reg'n No | Type of Company | Commenced Trading | Principal Activities during the year | Assessed Relationship | Shareholding /Control and Company Directors as at 31/3/20 |
|---|---|--|---|-----------------------|--|
| KAH Holdings Limited 11088019 | Private Limited Company – 100% owned by Torbay Economic Development Company Ltd | 1 June 2019 | To manage property owned by Torbay Economic Development Company Ltd | Subsidiary | Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:- S Parrock (Officer Torbay Council to end August 2020 & Chief Executive TDA) |
| Enterprise South West Limited 10829733 | Private Limited Company – 100% owned by Torbay Economic Development Company Ltd | Not trading in 2020/21 | To manage innovation centres across the South West of England | Subsidiary | Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:- S Parrock (Officer Torbay Council to end August 2020 & Chief Executive TDA) |
| TEDC Developments Ltd 12015583 | Private Limited Company – 100% owned by Torbay Economic Development Company Ltd | Incorporated 24 May 2019 Set up costs only in 20/21 | Development of building projects | Subsidiary | Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of is Company are as follows:- S Parrock (Officer Torbay Council to end August 2020 & Chief Executive TDA) L M Montgomery (TDA employee who is member of Council's senior leadership team) |
| Torvista Homes Ltd 12044007 | Private Limited Company – 100% owned by Torbay Economic | Incorporated 11 June 2019 Purchased | Buying and selling of own real estate and Renting and operating of Housing Association real estate. | Subsidiary | Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of is |

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| Company Name and Reg'n No | Type of Company | Commenced Trading | Principal Activities during the year | Assessed Relationship | Shareholding /Control and Company Directors as at 31/3/20 |
|---|--|---|---|-----------------------|--|
| | Development Company Ltd | properties in 20/21 | | | Company are as follows:- S Parrock (Officer Torbay Council to end August 2020 & Chief Executive TDA) L M Montgomery (TDA employee who is member of Council's senior leadership team) |
| Oldway Mansion Management Company Ltd 08219420 | Company limited by share | Dormant | To manage the Oldway Estate on behalf of Torbay Council and tenants | Subsidiary | Shareholding /Control: 100% Directors: K Mowat (Officer Torbay Council) N Coish (Officer Torbay Council to end November 2020, now SWISCo) M Irving (Officer Torbay Council) |
| TOR2 Ltd 07204696 | Company limited by share | 19 th July 2010 Ceased trading 30 June 2020 | Waste and recycling collections; maintenance of highways, grounds, parks, car parks, buildings, and the Council's vehicle fleet; street and beach cleansing; and out of hours call centre support in the Torbay area Council had 10-year contract with TOR2 for a number of services to end June 2020. For 2020/21 annual cyclical works were approx. £3m (£10.7m 19/20) plus ordered works approx. £1.0m 19/20) | Associate | Shareholding /Control: 19.99% Members of Torbay Council that were Directors of this Company are as follows:- Cllr Mike Morey |
| CSW Group Ltd 3029947 | Local Authority Controlled Company Limited by Guarantee and not having a share | 1 st April 2008 formerly Connexions Cornwall & | To develop, co-ordinate, operate and ensure provision of support services for young people and provide careers advice, information, and guidance to people of all | Associate | Shareholding /Control: 25% A list of directors is available on the CSW group website. |

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| Company Name and Reg'n No | Type of Company | Commenced Trading | Principal Activities during the year | Assessed Relationship | Shareholding /Control and Company Directors as at 31/3/20 |
|--|---|------------------------|---|-----------------------|--|
| | capital | Devon Ltd | ages. In 20/21 Council paid £0.3m (£0.3m 19/20) for services | | |
| Torbay Housing Company Limited 10960992 | Company limited by share | Not trading in 2020/21 | To support the implementation of the Council's Housing Strategy | Subsidiary | Shareholding /Control: 100% Directors: A-M Bond (Officer Torbay Council) M Phillips (Officer Torbay Council) |
| Torbay Housing Development Company 11214978 | Company limited by share 100% owned by Torbay Housing Company Limited | Not trading in 2020/21 | To support the implementation of the Council's Housing Strategy | Subsidiary | Shareholding /Control: 100% (via Torbay Housing Company Limited) Directors: A-M Bond (Officer Torbay Council) M Phillips (Officer Torbay Council) |
| Torbay Housing Rental Company 11214868 | Company limited by share 100% owned by Torbay Housing Company Limited | Not trading in 2020/21 | To support the implementation of the Council's Housing Strategy | Subsidiary | Shareholding /Control: 100% (via Torbay Housing Company Limited) Directors: A-M Bond (Officer Torbay Council) M Phillips (Officer Torbay Council) |
| London Medway Commercial Park Management Company Ltd 09487105 | Due to a purchase of a Unit at Medway, Torbay Council now has twelve Ordinary B Share | March 2015 | Management of London Medway Commercial Park | | By virtue of the rights attached to B Ordinary shares, the company is controlled by Goodman Real Estate (UK) Limited |

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| Company Name and Reg'n No | Type of Company | Commenced Trading | Principal Activities during the year | Assessed Relationship | Shareholding /Control and Company Directors as at 31/3/20 |
|--|------------------------------|--|--|-----------------------|---|
| Torbay Education Ltd 12153652 | Company limited by share | Incorporated 13/08/2019 Not trading in 2020/21 | Primary, General secondary, post-secondary non-tertiary education and other education | Subsidiary | Shareholding /Control: 100% Directors: A-M Bond (Officer Torbay Council) M Phillips (Officer Torbay Council) |
| SWISCo Limited 12213029 | Company limited by share | Incorporated 18/09/2019 Started trading 1 July 2020 | Waste and recycling collections; maintenance of highways, grounds, parks, car parks, buildings and the Council's vehicle fleet; street and beach cleansing. From December management of highways and natural environment. For 2020/21 from June 2020 approx. £10m was paid by Council to SWISCO. A loan of £0.4m was provided in year. | Subsidiary | Shareholding /Control: 100% Directors: K Mowat (Officer Torbay Council) A-M Bond (Officer Torbay Council) M Phillips (Officer Torbay Council) |
| Riviera International Conference Centre (RICC) 04390746 | Company Limited by Guarantee | In effective control of Council from July 2020 | Operation of the Riviera International Conference Centre | | Control: 100% Directors (appointed July 2020) S J Jolly (employee RICC) Cllr R W M Loxton K P Mowat (Officer Torbay Council) P Black (Officer Torbay Council) S Parrock (Officer Torbay Council until end August 2020) L M Montgomery (TDA employee who is member of Council's senior leadership team) |
| English Riviera Tourism Company | Company Limited by Guarantee | In effective control of Council from | To provide a tourism marketing function for Torbay | | Control: 100% Directors |

| Company Name and Reg'n No | Type of Company | Commenced Trading | Principal Activities during the year | Assessed Relationship | Shareholding /Control and Company Directors as at 31/3/20 |
|---------------------------|-----------------|-------------------------------------|--------------------------------------|-----------------------|---|
| 07223987 | | 2016/17 Not trading in 20/21 | | | Cllr N Amil Mr K P Mowat (Officer Torbay Council) |

Summary financial information of Subsidiary Companies

This table lists summary information about the Council's interest in subsidiary companies and its relationship with them in terms of ownership and trading. Torbay share 100%.

| | Torbay Economic Development Co Ltd * | | SWISCo | | RICC ** | |
|---|--------------------------------------|---------------|---------|---------------|---------|--------------|
| | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 |
| | £m | £m | £m | £m | £m | £m |
| Income | (8.6) | (9.1) | 0 | (11.8) | 0 | (0.3) |
| Expenditure | 9.1 | 8.8 | 0 | 12.6 | 0 | 0.3 |
| Operating (Profit) or loss | 0.5 | (0.3) | 0 | 0.8 | 0 | 0 |
| Other Comprehensive Income and Expenditure | (1.5) | (0.1) | 0 | 0 | 0 | 0 |
| Actuarial (gains)/Losses recognised in the pension scheme | (5.5) | (0.2) | 0 | 12.5 | 0 | 0 |
| Taxation (including deferred) | 0 | 0.1 | 0 | 0 | 0 | 0 |
| Total (Profit) or loss | (6.5) | (0.5) | 0 | 13.3 | 0 | 0 |
| Assets | 19.9 | 31.0 | 0 | (0.2) | 0 | 0 |
| Liabilities | (12.9) | (23.8) | 0 | (13.1) | 0 | 0 |
| Total Net Assets | 7.0 | 7.2 | 0 | (13.3) | 0 | 0 |

Note *: Torbay Economic Development Company limited for 2020/21 is the consolidated position for the TDA Group.

Note **: RICC is the year to end March 2021 based on management accounts.

This table lists summary information about the Council's interest in associate companies and its relationship with them in terms of ownership and trading.

| | TOR2 Ltd * | | CSW Group Ltd | |
|---|------------|---------------------------------|---------------|------------------------------|
| | Total | Torbay Council's Share (19.99%) | Total | Torbay Council's Share (25%) |
| | £m | £m | £m | £m |
| 2019/20 | | | | |
| Income | (13.7) | (2.7) | (7.9) | (2.0) |
| Expenditure | 14.5 | 2.9 | 7.7 | 1.9 |
| Operating (Profit) or Loss | 0.8 | 0.2 | (0.2) | (0.1) |
| Other comprehensive income and expenditure | 0 | 0.0 | 0 | 0 |
| Actuarial (Gains)/Losses recognised in the pension scheme | 0 | 0 | - | - |
| Taxation | (0.1) | 0 | 0 | 0 |
| Total (Profit) or loss | 0.7 | 0.2 | (0.2) | (0.1) |

| | TOR2 Ltd * | | CSW Group Ltd | |
|---|--------------|--------------|---------------|--------------|
| Fixed Assets & Net Current Assets | 0.7 | 0.1 | 2.5 | 0.6 |
| Long Term Liabilities | (2.8) | (0.5) | (21.4) | (5.3) |
| Total Capital & Reserves | (2.1) | (0.4) | (18.9) | (4.7) |
| 2020/21 | | | | |
| Income | (13.3) | (2.7) | (6.6) | (1.7) |
| Expenditure | 15.0 | 3.0 | 7.1 | 1.8 |
| Operating (Profit) or Loss | 1.7 | 0.3 | 0.5 | 0.1 |
| Other comprehensive income and expenditure | 0 | 0 | 0 | 0 |
| Actuarial (Gains)/Losses recognised in the pension scheme | 0 | 0 | 10.5 | 2.6 |
| Taxation | (0.3) | 0 | 0 | - |
| Total (Profit) or loss | 1.4 | 0.3 | 11.0 | 2.7 |
| Fixed Assets & Net Current Assets | (2.8) | (0.6) | 2.1 | 0.5 |
| Long Term Liabilities | 0 | 0 | (22.0) | (5.5) |
| Total Capital & Reserves | (2.8) | (0.6) | (19.9) | (5.0) |

Note* - TOR2 accounts 20/21 to June 2020 and 19/20 estimated as at March 2020.

Other interests in Companies

The following companies are also linked to the Council. However, they are not considered material in financial terms.

South West Grid for Learning Trust is limited by guarantee and was incorporated on 9th October 2005 with the 15 South West Regional Authorities as members. The company objectives are the advancement of education as a solely charitable purpose by any means relating to the effective use of information and communication technologies for the benefit of the public. There are no transactions/liabilities associated with Torbay Council's membership other than the nominal initial one-off fee. For financial reporting this relationship has been treated as an investment.

English Riviera BID Company Limited was formed to manage the Tourism Business Improvement District (BID) and the Council collects the BID levy on an agency basis. Value of levy collected in 2020/21 was £0.3m, (£0.6m 2019/20).

Heart of the South West Local Enterprise partnership (LEP). This is a Community Interest Company limited by guarantee with four councils (Torbay, Devon, Somerset and Plymouth), in the LEP area acting as members of the company.

Trust Funds

The Council acts as a Trustee for several funds. These balances do not form part of the Council's accounts. The value of these funds as at 31st March 2021 was £25,000 (£26,000 2019/20). Of this balance £20,000 is held within the Council's bank account with the balance of £5,000 (£5,000 19/20) relating to the (civic) Mayor of Torbay's charity fund held in a separate bank account.

Central Government

Central government (Her Majesty's Government for the United Kingdom of Britain and Northern Ireland) has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its

funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills, housing benefits). Significant grants received from government departments are set out in the Grants note.

Members

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in the Members Allowances' Note. Members have not disclosed any material transactions with the Council. The Members' Record of Interests and Register of Gifts & Hospitality for each Member are available on the Council's website.

Officers

Officers complete a register of interests, and the Council maintains a Register of Gifts & Hospitality for officers

Other Public Bodies

Trading Standards South West – (TSSW) is a community interest company, who works with 15 councils to maximise the benefits of regional collaboration to protect the interest of consumers and reputable businesses in the South West of England.

Torbay and South Devon NHS Foundation Trust (ICO). In October 2015 the ICO "acquired" the Torbay and Southern Devon Health and Care NHS Trust with all its assets and liabilities transferring to the ICO including the partnership agreement for the provision of adult social care services. In 2020/21 the payment to the Trust in the year for funding adult social care was the annual agreement fee of £48m. (The first year of the new three-year agreement) Income from Deferred Payment Agreements of £0.8m and investment of £0.7m were also paid to the ICO. Funding to support COVID related expenditure including the Infection Control Grant of £5m was paid to the ICO.

The Council has pooled budget arrangements for the provision of a joint equipment store with the Clinical Commissioning Group (CCG) and the Better Care Fund – see Pooled Budget Note.

Joint Committees

The Council is part of several joint committees or partnerships where local authorities have joined together to provide a service. These are listed below:

Devon Audit Partnership

From April 2009 Torbay set up a Joint Committee with Devon County Council and Plymouth City Council for the provision of a shared internal audit service. Since then, a number of other District Councils in Devon have joined. The service is also able to provide audit services to other organisations.

Devon County is the "host" Council for the Joint Committee with all staff now employed by Devon County Council. Assets and Liabilities of the Joint Committee are split on an agreed basis. Torbay's contribution to the partnership for 2020/21 was £0.2m (2019/20 £0.2m).

PATROL – Parking and Traffic Regulations outside London.

It is a statutory requirement for Councils undertaking civil parking enforcement to join this Joint Committee to access independent adjudication. The agreed primary objectives of the Joint Committee are the provision of:

- a) a fair adjudication service for Appellants
- b) consistency in access to adjudication;

- c) a cost effective and equitable adjudication service for all Parking Authorities
- d) to deal with a wide range of authorities with varying levels of demand for adjudication.

South West Devon Waste Disposal Partnership

Torbay Council, with Plymouth City Council and Devon County Council are working together and have jointly contracted a PFI project for an Energy from Waste Plant (based in Plymouth) to dispose of residual waste collected by the three Councils. As part of the Joint Working Agreement between the three Councils the South West Devon Waste Partnership Joint Committee has been established to facilitate the procurement and subsequent operation and management of the facilities (by the selected contractor). The Plant became operational in April 2015.

The expenditure associated with this project is being incurred by Plymouth City Council (as lead authority) and then allocated on an estimated tonnage share basis to Torbay and Devon County Councils. Expenditure in year was £1.3m (£1.4m 19/20) of which Torbay's share was £0.2m (£0.2m 19/20). The expenditure in year was £0.1m of contract management costs and £1.2m of "pass through costs" relating to the Facility that the three Councils are liable for in addition to the unitary charge, such as NNDR and lease costs. Torbay's share of the expenditure is reflected within the cost of services on the comprehensive income and expenditure statement.

The Heart of the South West Joint Committee

Torbay Council along with Devon County Council, Somerset County Council, Plymouth City Council, the district councils within Devon and Somerset, Dartmoor National Park Authority and Exmoor National Park Authority have come together to form the Heart of the South West Joint Committee. Its purpose is to be the vehicle through which the Heart of the South West partners will ensure that the desired increase in productivity across the area is achieved. Each constituent authority appoints one member on an annual basis and each member has one vote. An arrangements document and an inter-authority agreement have been adopted by each constituent authority which set out how the Joint Committee will operate and be managed.

Adopt South West (a Regional Adoption Agency)

The "Agency" commenced 1st October 2018. It is a Local Authority partnership between Devon County Council (the Host Authority), Somerset County Council, Plymouth City Council and Torbay Council, tasked with performing adoption service functions for the region. By joining together, the skills, resources and best working practice of each organisation Adopt South West aims to improve outcomes for children and families, deliver a value for money service and deliver it consistently.

34. Impairment Losses

Impairment losses and impairment reversals are charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. The impairment by asset class is shown within the note reconciling the movement over the year in Property, Plant and Equipment and Heritage Assets. During 2020/21 the Council has recognised net impairment losses of £5.9m (£9.9m 19/20) in total on its property, plant and equipment charged to the Income and Expenditure account. Impairment losses in 2020/21 related primarily to the revaluation of Fleet Walk and Meadfoot Beach chalets. In addition, the Council's investment properties are revalued each year. In 2020/21 this resulted in a net reduction in fair value of £5.3m (£6.8m 19/20).

35. Contingent Liabilities

The board of Municipal Mutual Insurance limited in 2012/13 concluded that it couldn't forecast a solvent "run off" of claims which has led to the scheme of arrangement being activated which exposes the Council to a share of the costs of any outstanding insurance claims. The company's administrator has previously set levies for all Councils to be 25% of each Council's claims, which was collected in prior years. This may increase again in the future but at present the administrator has not indicated that the levy will increase.

36. Termination Benefits and Exit Packages

The authority terminated the contracts of several employees in 2020/21, incurring liabilities of £0.2m. The table below shows the number of exit packages and the total cost per band. This amount is payable for 7 officers from the Council and 2 from Schools. The costs disclosed are redundancy and strain payments and relate to staff employed by the Council including Council schools.

Note: These are exit packages that were accounted for in the Council's comprehensive income and expenditure account in the relevant year i.e., on a "demonstrably committed" basis not a cash basis.

| Number of Exit packages by band 2019/20 | | | | Value of Exit package £ | | Number of Exit packages by band 2020/21 | | | |
|--|---------------|---------------------|---------------|-------------------------|------------|--|---------------|------------------|---------------|
| Compulsory Redundancy | | Other Departures | | | | Compulsory Redundancy | | Other Departures | |
| No. In Band | Total Cost | No. In Band | Total Cost | | | No. In Band | Total Cost | No. In Band | Total Cost |
| £000's | | £000's | | | | £000's | | £000's | |
| 17 | 90 | 0 | 0 | 0 | to 20,000 | 5 | 27 | 1 | 3 |
| 0 | 0 | 2 | 50 | 20,001 | to 40,000 | 2 | 47 | 0 | 0 |
| 0 | 0 | 0 | 0 | 80,001 | to 100,000 | 0 | 0 | 1 | 91 |
| 17 | 90 | 2 | 50 | Total | | 7 | 74 | 2 | 94 |

37. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council over their asset life, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the table below.

| 2019/20 £m | Capital Financing Requirement | 2020/21 £m |
|---------------|---|---------------|
| 320.7 | Opening Capital Financing Requirement | 413.4 |
| | Capital investment | |
| 33.0 | Property, Plant and Equipment | 20.5 |
| 0.3 | Intangible Assets | 0.6 |
| 66.8 | Investment Property | (0.3) |
| 3.3 | Revenue Expenditure Funded from Capital under Statute | 4.7 |
| 11.3 | Loans for a Capital Purpose | 1.5 |
| | Sources of finance | |
| (1.9) | Capital receipts including capital loan repayments | 0.3 |
| (13.1) | Government grants and other contributions | (12.5) |
| | Sums set aside from revenue: | |
| (1.7) | • Direct revenue contributions | (1.5) |
| (5.3) | • MRP | (7.2) |
| 413.4 | Closing Capital Financing Requirement | 419.5 |
| | Explanation of movements in year | |
| 98.9 | Increase in underlying need to borrowing (unsupported by government financial assistance) | 13.6 |
| (5.3) | Provision for repayment of borrowing (MRP) | (7.2) |
| (0.9) | Loans for a Capital Purpose - repayments | (0.3) |
| 92.7 | Increase/(decrease) in Capital Financing Requirement | 6.1 |

38. Leases

Council as Lessee:

Operating Leases - Equipment

The Council, as lessee, does not have any material operating leases.

Operating Leases - Property

The Council has leases for several properties. Rent payments in 2020/21 totalled £0.2m (£0.1m 2019/20). The future minimum lease payments due under property leases in future years is £1.0m (£0.3m 2019/20).

Finance Leases:

The Council, as lessee, does not have any material finance leases.

Council as Lessor:

Operating Leases – Property:

The Council leases out property under operating leases for the provision of services, such as cafes and golf clubs, for regeneration purposes and as Investment properties. Payments received in 2020/21, including turnover rents, totalled £17.5m (£14.6m 2019/20).

The future minimum property lease payments receivable in future years are:

| 31 March 2020 £m | Total payments due classified by year of expiry of lease term | 31 March 2021 £m |
|------------------------|--|------------------------|
| 16.4 | Not later than one year | 17.5 |
| 45.2 | Later than one year and not later than five years | 41.6 |
| 130.4 | Later than five years | 132.3 |
| 192.0 | Total | 191.4 |

Finance Leases:

The Council has leased out properties on long leases that have been classified as finance leases. The Council has a gross investment in these leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise of settlement of the long-term debtor for the interest in the property acquired by the lease and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

| 31 March 2020 £m | | | | 31 March 2021 £m |
|---|-----|---|-----|------------------------|
| | | Finance Lease debtor (Net present value of minimum lease payments) | | |
| | | Non-Current: | | |
| 0.1 | | Later than one year and not later than 5 years | 0.1 | |
| 4.9 | 5.0 | Later than 5 years | 4.9 | 5.0 |
| | 2.8 | Unearned finance Income | | 2.7 |
| | 7.8 | Gross Investment in the leases | | 7.7 |
| Minimum Lease payments are: £0.4m per annum | | | | |

The minimum lease payments do not include rents that are contingent on events taking place.

39. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

The Council takes part in the Teachers' Pension Scheme. Teaching staff employed by the Council are rewarded for years of service with rights to retirement lump sums and pensions based on final salaries. The Council makes an annual contribution to the Scheme calculated as a percentage of pensionable pay. The contribution rate is specified by the Department for Education each year so that budgeted income is sufficient to cover the outgoings of the Scheme. This Scheme operates through a notional fund administered on a national basis. The Scheme does not record liabilities for each participating employer and raises contributions from all employers based on a common percentage of the pensionable pay of current employees, irrespective of any obligations created in previous years. Apart from this shared responsibility for shortfalls on the notional fund, the Council has no direct responsibility for the obligations of any other party to the Scheme.

The Scheme is a defined benefit plan but is accounted for as it were a defined contribution plan. This is because the administrators of the Scheme do not keep separate records of the defined benefit obligations for individual authorities and no assets are attributable to the Scheme.

The employers' contribution rate was 23.68% in 2020/21 and has been since September 2019 (16.48% to Aug 19). Contributions of £2.8m were paid in 2020/21 being an increase on 2019/20 (£2.3m 19/20). The payments for 2021/22 will remain the same as the 23.6% is applied over the full year.

The 2019/20 accounts for the Scheme record liabilities of £432 billion (£360 bn 18/19). [Source: Teachers' Pension Scheme Annual Accounts 2019/20). However, the employers' contribution rate is not set with reference to outstanding liabilities, but the payments projected to be made out of the notional fund each year. The Council is one of 173 (174 18/19) local authorities participating in the Scheme, amongst a total of 11,221 employers (11,128 18/19).

NHS Pension Scheme

Public Health staff that transferred to the Council's employment in April 2013 were entitled to remain in a NHS pension scheme along with new staff recruited to public health if they meet certain criteria.

The Council takes part in the NHS Pension Scheme. Public Health staff employed by the Council are rewarded for years of service with rights to retirement lump sums and pensions based on final salaries. The Council makes an annual contribution to the Scheme calculated as a percentage of pensionable pay. The contribution rate is specified the Department for Health each year so that budgeted income is sufficient to cover the outgoings of the Scheme. This Scheme operates through a notional fund administered on a national basis. The Scheme does not record liabilities for each participating employer and raises contributions from all employers based on a common percentage of the pensionable pay of current employees, irrespective of any obligations created in previous years. Apart from this shared responsibility for shortfalls on the notional fund, the Council has no direct responsibility for the obligations of any other party to the Scheme.

The Scheme is a defined benefit plan but is accounted for as it were a defined contribution plan. This is because the administrators of the Scheme do not keep separate records of the defined benefit obligations for individual authorities and no assets are attributable to the Scheme.

The employers' contribution rate was 14.38% in 2020/21 (14.38% 2019/20). Contributions of £0.018m were paid in 2020/21 (£0.012m 19/20). The contribution rate for participants in the Scheme has been set at 14.38% of pensionable pay for 2021/22. The payments for 2021/22 are estimated to be at a similar level to 2020/21.

The 2019/20 accounts for the Scheme record liabilities of £653 billion (£533 billion 18/19). [Source: NHS Pension Scheme Annual Accounts 2019/20). However, the employers' contribution rate is not set with reference to outstanding liabilities, but the payments projected to be made out of the notional fund each year. The Council is one of 134 (154 18/19) local authorities participating in the Scheme, amongst a total of 8,290 employers (8,486 18/19).

40. Defined Benefit Pension Schemes

Local Government Pension Scheme

40.1 Characteristics of Defined Benefit Plans and Associated Risks

Employees of the Council are eligible to join the Local Government Pension Scheme (LGPS).

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings, with various protections in place for those members in the scheme before the changes took effect.

The Administering Authority for the Fund is Devon County Council. The Pension Fund Committee oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the Administering Authority. Where appropriate some functions are delegated to the Fund's professional advisers. Details on the scheme are on the website for Peninsula Pensions.

As administering Authority to the Fund, Devon County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement.

The appointed actuary to the pension fund is Barnett Waddingham "the actuary", who provides the pension calculations used in these accounts.

The Local Government Pension Scheme is required to have an actuarial valuation every three years. This valuation will set a rate for employers' contributions for the next three years to secure the pension fund's solvency, together with any other amounts necessary to recover the deficit built up on the fund.

Contributions are set every 3 years because of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The latest actuarial valuation was prepared as at 31 March 2019. The objectives of the scheme are to keep employer's contributions at as a constant rate as possible. The agreed contribution rates should result in a 100% funding level over the medium term. This set a contribution rate for the Council of 16.7% of pensionable pay for 2020/21, 2021/22 and 2022/23, budgeted to result in a payment of around £5m per annum to the Fund. Additional fixed cash payment of £0.5m per annum (equal to 2%) is also payable as a contribution towards the deficit on the Fund. The Council has paid the fixed cash contribution for the three years in advance in exchange for a discount.

The valuation as at 31 March 2021, like 31 March 2020 includes an allowance for the Court of Appeal judgement for the McCloud and Sargeant cases. Any potential impact of the Government consultation on the "proposed remedy" has not been included however the actuary does not believe that there will be any material differences between their current approach and any proposed remedy.

On the Employer's withdrawal from the plan, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to several risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future the liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. If the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Devon County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All the risks above may also benefit the Employer e.g., higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The maturity profile of Torbay members as at 31 March 2021 is an average age of 46 years for active members and 47 years for deferred pensioners, 71 years for pensioners and 78 years for unfunded pensioners.

In 2020/21 there were several settlements from members transferring in/out of the Council as employer. The capitalised loss of this settlement of £1.5m. The settlements were as follows:

- A net £5.7m liability transferred in relating to pensioners who did not transfer to SWISCo from TOR2
- A net (£3.8m) liability transferred out relating to staff transferred to SWISCo.
- A net (£0.4m) liability transferred out relating to two schools.

To assess the value of the Employer's liabilities at 31 March 2021, the actuary has used a number of information sources including:

- The results of the valuation as at 31 March 2019 which was carried out for funding purposes and the results of the 31st March 2019 IAS19 report which was prepared for accounting purposes.
- Estimated whole fund income and expenditure items for the period to 31 March 2021
- Estimated fund returns based on Fund asset statements (or estimates of) as at 31st March for 2019, 2020 and 2021.
- Estimated fund income and expenditure in respect of the employer for the period to 31 March 2021.
- Details of any new retirements for the period to 31 March 2021 that have been paid out on a reduced basis, which are not anticipated in the normal employer service cost, and
- Details of any settlements for the period to 31 March 2021.

The service cost for the year ending 31 March 2021 is calculated using an estimate of the total pensionable payroll in year of £30m.

40.2 Financial statements

The following tables show the impact of the Assets and liabilities in relation to post-employment benefits on the Council's accounts in 2020/21. The following tables are shown:

- Net Pension Liability – this table shows the net pension liability in the balance sheet
- Comprehensive Income and Expenditure Statement – this table shows the IAS19 entries as they appear in the Council's Comprehensive Income & Expenditure Statement and the actual cash payments to the pension fund in year.
- Reconciliation of fair value of the scheme (plan) assets - this table shows an analysis of the movements in the pension asset during the year
- Reconciliation of fair value of the scheme (plan) liabilities - this table shows an analysis of the movements in the pension liability during the year

Net Pension Liability

| | 31/3/19 | 31/3/20 | 31/3/21 |
|---------------------------------------|----------------|----------------|----------------|
| | £m | £m | £m |
| Present value of Funded Obligation | (459.4) | (420.9) | (534.4) |
| Fair Value of Fund Assets (Bid Value) | 289.6 | 261.0 | 331.5 |
| Net Liability | (169.8) | (159.9) | (202.9) |
| Present value of Unfunded Obligation | (8.8) | (8.2) | (8.5) |
| Net Liability in Balance Sheet | (178.6) | (168.1) | (211.4) |

Comprehensive Income and Expenditure Statement

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

| Local Government Pension Scheme | | |
|---------------------------------|---|---------------|
| Post Employment Benefits | | |
| 2019/20 | Comprehensive Income & Expenditure Statement | 2020/21 |
| £m | | £m |
| | Cost of Services: | |
| 10.6 | Current service cost | 14.7 |
| 2.2 | Past service costs including curtailments | 0 |
| (0.4) | Settlements | 1.5 |
| 0.2 | Administration Expenses | 0.2 |
| | Financing and Investment Income and Expenditure | |
| 4.2 | Net Interest on the defined benefit liability | 4.2 |
| 16.8 | Total Charged to the Surplus or Deficit on the Provision of Services | 20.6 |
| | Other Comprehensive Income and Expenditure | |
| (1.3) | Other Actuarial (gains)/losses on assets | 0 |
| (41.2) | Change in Financial Assumptions | 103.5 |
| (5.7) | Change in Demographic Assumptions | (4.9) |
| (2.3) | Experience (gain)/loss on defined benefit obligation | (6.1) |
| 30.3 | Return on plan assets in excess of interest | (63.1) |
| (20.2) | Sub Total Other Comprehensive Income and Expenditure | 29.4 |
| (3.4) | Total Post Employment Benefit Charged/(Credited) | 50.0 |

| | | |
|--------|---|---------------|
| | to the Comprehensive Income and Expenditure Statement | |
| | Movement in Reserves Statement | |
| (16.8) | Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code | (20.6) |
| | Actual amount charged against the General Fund Balance for pensions in the year: | |
| 7.0 | Employers' contributions payable to scheme | 6.1 |
| 0.7 | Unfunded pension payments | 0.6 |

For 31 March 2022 the actuary has forecast a service cost of £15.9m, net interest of £4.2m and administration expenses of £0.3m with employer contributions of £5.1m.

Reconciliation of fair value of the scheme (plan) assets:

| Local Government Pension Scheme | | |
|--|--------------------------------------|---------------|
| 2019/20 £m | | 2019/20 £m |
| 289.6 | Opening balance at 1 April | 260.9 |
| 6.9 | Interest on Assets | 4.6 |
| (30.3) | Return on Assets less Interest | 63.2 |
| 1.3 | Other Actuarial gains/(losses) | 0 |
| (0.2) | Administration Expenses | (0.2) |
| 1.8 | Contributions by scheme participants | 1.9 |
| 7.0 | Employer contributions | 6.7 |
| (14.7) | Benefits paid | (13.1) |
| (0.5) | Settlement process received/(paid) | 7.5 |
| 260.9 | Closing balance at 31 March | 331.5 |

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

| Liabilities: Local Government Pension Scheme | | |
|---|--|----------------|
| 2019/20 £m | | 2020/21 £m |
| (468.2) | Opening balance at 1 April | (429.1) |
| (10.6) | Current service cost | (14.7) |
| (1.8) | Contributions by scheme participants | (1.9) |
| (11.1) | Interest cost | (8.8) |
| 41.2 | Change in Financial Assumptions | (103.5) |
| 5.7 | Change in Demographic Assumptions | 4.9 |
| 2.3 | Experience (loss)/gain on defined benefit obligation | 6.1 |
| 14.1 | Benefits paid | 12.5 |
| (2.2) | Past service costs, including Curtailments | 0 |
| 0.9 | Liabilities (assumed)/extinguished on Settlements | (9.0) |
| 0.6 | Unfunded Pension payments | 0.6 |
| (429.1) | Closing balance at 31 March | (542.9) |
| (8.2) | Present Value of Unfunded Obligation included in above | (8.5) |

40.3 Fund Assets

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2021 is estimated to be an increase of 26% (8% decrease in 18/19). The actual return on Fund assets over the year may be different.

The estimated asset allocation for Torbay Council as at 31 March 2021 (7% of total fund) is as follows:

| 31st March 2020 | | | 31st March 2021 | |
|-----------------|------------|-------------------------|-----------------|------------|
| £m | % | | £m | % |
| 11 | 4 | Gilts | 11 | 4 |
| 35 | 14 | UK Equities | 37 | 11 |
| 112 | 43 | Overseas Equities | 171 | 52 |
| 25 | 10 | Property | 27 | 8 |
| 11 | 4 | Infrastructure | 13 | 4 |
| 34 | 13 | Target Return portfolio | 31 | 9 |
| 3 | 1 | Cash | 3 | 1 |
| 14 | 5 | Other Bonds | 15 | 4 |
| 16 | 6 | Alternative Assets | 23 | 7 |
| 0 | n/a | Private Equity | 0 | n/a |
| 261 | 100 | | 331 | 100 |

Of the total asset values as at 31 March 2021, 85% are assets that have a quoted market price. Further information on the investment activity is available on the Peninsula Pensions website.

40.4 Actuarial Assumptions

Valuation Approach

To assess the value of the employer's liabilities as at 31 March 2021, the actuary rolled forward the value of the employer's liabilities calculated for the funding valuation as at 31st March 2019, using financial assumptions that comply with IAS19. The full actuarial valuation involved projecting future cash flows to be paid from the fund and placing a value on them.

The actuary is satisfied that the approach to rolling forward the previous valuation data to 31st March 2021 should not introduce any material distortion in the results provided that the actual experience of the employer and the fund has been broadly in line with the underlying assumptions and the structure of the liabilities is substantially the same as the latest formal valuation.

To calculate the asset the actuary has rolled forward the assets allocated to the employer as at 31 March 2019 allowing for investment returns, contributions paid into, and estimated benefits paid from, the fund by and in respect of the employer and its employees.

The actuary has allowed for actual pension increases experience for the period 2019-2021. This assumes that pension increases are in line with the annual pension increases set by HM Treasury Revaluation order.

As a result of the High Court's ruling on the equalisation of "Guaranteed Minimum Pension" between genders, several pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the impact of pension liabilities. However, it is the actuary's understanding that the judgement does not impact on the current method used or require any adjustments to the value of liabilities. In March 2021 the Government published the outcome to its consultation on this issue, which is a permanent extension to the existing interim

solution, so the actuary believes there is a need to make any adjustments to the value of liabilities.

Demographic and Statistical Assumptions

The post retirement mortality tables adopted are the S3PA tables with a multiplier 95% for males and 110% for females. These base tables are then projected using the Continuous Mortality Investigation (CMI) 2020 Model which was released in March 2021, allowing for a long-term rate of improvement of 1.25% per annum and a weighting to the 2020 model of 25%.

The assumed life expectations from age 65 are:

| Mortality assumptions: | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|----------|----------|----------|-----------------|
| Longevity from age 65: retiring today | | | | |
| • Men | 23.5 yrs | 22.4 yrs | 22.9 yrs | 22.6 yrs |
| • Women | 25.6 yrs | 24.4 yrs | 24.1 yrs | 23.9 yrs |
| Longevity from age 65: retiring in 20 years | | | | |
| • Men | 25.7 yrs | 24.1 yrs | 24.3 yrs | 24.0 yrs |
| • Women | 27.9 yrs | 26.2 yrs | 25.5 yrs | 25.4 yrs |

The actuary has made the following assumptions:

- Members will exchange half of their commutable pension for cash at retirement (for every £1 commuted, £12 cash payment is received).
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- It is assumed members opted into the 50:50 section at the previous valuation will continue.

Financial Assumptions

| | 31st March 2018 | 31st March 2019 | 31st March 2020 | 31st March 2021 |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | % p.a | % p.a | % p.a | % p.a |
| RPI Increases | 3.3 | 3.4 | 2.7 | 3.2 |
| CPI Increases | 2.3 | 2.4 | 1.9 | 2.8 |
| Salary Increases | 3.8 | 3.9 | 2.9 | 3.8 |
| Pension Increases | 2.3 | 2.4 | 1.9 | 2.8 |
| Discount Rate | 2.6 | 2.4 | 2.4 | 2.0 |

These assumptions are set with reference to market conditions at 31 March 2021.

The actuary's estimate of the duration of the Employer's liabilities is 20 years.

The discount rate is the annualised yield at the on the Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). This is consistent with the approach used at the last accounting date.

The RPI increase assumption is set based on the annualised Merrill Lynch AA rated corporate bond yield curve and the Bank of England implied inflation curve. As future pension increases are expected to be based on CPI rather than RPI, the actuary has made a further assumption about CPI which is that it will be 0.4% below RPI i.e., 2.8%. The actuary believes that this is a

reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts.

Salary increases are then assumed to increase at 1.0% per annum above CPI This differs from the salary increase assumption previously and has been updated in line with the most recent funding valuation.

Sensitivity Analysis on Actuarial assumptions:

The actuary has provided a sensitivity analysis of a 0.1% change in the key actuarial assumptions showing the impact on the net liability and the Service Cost.

| | £m | £m | £m |
|---|---------|-------|----------|
| Adjustment to Discount Rate | +0.1% | 0% | (0.1%) |
| Present Value of obligation | 532.5 | 542.9 | 553.5 |
| Projected Service Cost | 15.4 | 15.9 | 16.5 |
| | | | |
| Adjustment to Long Term Salary increase | +0.1% | 0% | (0.1%) |
| Present Value of obligation | 543.6 | 542.9 | 542.1 |
| Projected Service Cost | 15.9 | 15.9 | 15.9 |
| | | | |
| Adjustment to Pension increases and deferred revaluation | +0.1% | 0% | (0.1%) |
| Present Value of obligation | 552.7 | 542.9 | 533.3 |
| Projected Service Cost | 16.5 | 15.9 | 15.4 |
| | | | |
| Adjustment to Life Expectancy Rating Assumption | +1 year | None | (1 year) |
| Present Value of obligation | 568.5 | 542.9 | 518.4 |
| Projected Service Cost | 16.6 | 15.9 | 15.3 |

41. Summary of Significant Accounting Policies

The Accounts and Audit (England) Regulations 2015 require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. The Accounts and Audit (Amendment) Regulations 2020 have amended the 2015 Regulations for the 2020/21 and 2021/22 financial years, deferring publication dates and making other consequential changes.

For 2020/21, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code)
- the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) (the 2003 Regs)

These accounts are prepared on a going concern basis, i.e. the accounts are prepared on the assumption that the Council (as a legal entity created by statute) will continue in operational existence for the foreseeable future. This means that the income and expenditure accounts and balance sheet assume no intention to significantly curtail the scale of operation.

41.1 Accounting Policies

Accounting policies are the principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are reflected in the financial statements. These include estimation techniques that have been used in applying the policies.

The accounting policies that have a significant effect on the amounts recognised in the Council's accounts are listed below. Within these policies the abbreviation "CIES" has been used for "Comprehensive Income and Expenditure Statement".

The Statement of Accounts will only be adjusted to reflect events after 31 March 2021 and before the date the Statement was authorised for issue by the of 31 July 2021 only where the events provide evidence of conditions that existed at 31 March.

41.2 Accruals of Income and Expenditure

The Statement of Accounts has been prepared using the accruals basis. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. Where the exact amount of the sum is unknown an estimate will be made based on historical knowledge of the type of transaction and the value of similar payments. An exception is where there are regular bills, such as utilities and staff travel payments where, if not material, no accruals have been made as over a period the number of payments per year will even out. In addition, where the exact value of a transaction or several transactions is not yet known estimates of the amounts due/owed have been made. In particular:

- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue relating to council tax, NNDR etc shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Supplies are recorded as expenditure when they are consumed. Where appropriate there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings, where material is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

41.3 Measurement of Assets & Liabilities

The historical cost convention has been applied, modified by the current valuation of the following material categories of non-current assets and financial instruments:

| Class of Assets | Measurement Basis |
|---|--|
| Property, Plant and Equipment: Other Land and Buildings | Current Value, comprising existing use value |

| | |
|--|---|
| | Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost. |
| Infrastructure Assets | Modified historical cost. (Opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed to be the historical cost). Subsequent expenditure on the assets is capitalised on an accruals basis. |
| Property, Plant and Equipment: Other Land and Buildings – Surplus Assets | Fair value * |
| Heritage Assets | Heritage assets (other than operational heritage assets) are measured at valuation in accordance with FRS 30 i.e valuations may be made by any method that is appropriate and relevant such as insurance valuations. |
| Investment Properties | Fair value * |
| Financial Instruments – Fair Value through Profit or Loss | Fair value * |
| Pensions Assets | Fair values based on the following: <ul style="list-style-type: none"> • quoted securities – current bid price • unquoted securities – professional estimate • unitised securities – current bid price • property – market value. |

Fair value *. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For valuations at Fair Value the Council uses the IFRS13 “three levels” to assess the fair value.

| | |
|----------------|---|
| Level 1 | Quoted prices in active markets for identical assets/liabilities that the authority can access at the measurement date |
| Level 2 | Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices for similar assets, interest rates and yield curves) |
| Level 3 | Unobservable inputs for the asset or liability (e.g., projected cash flows) |

41.4 Adjustments Between Accounting Basis and Funding Basis

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the CIES, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

| Expense | Accounting Basis in CIES | Funding Basis in MiRS | Adjustment Account |
|---|--|--|--|
| Property, Plant and Equipment | Depreciation and revaluation/impairment losses | Revenue provision to cover historical cost determined in accordance with the 2003 Regs | Capital Adjustment Account |
| Infrastructure Assets | Depreciation/impairment losses | Revenue provision to cover historical cost determined in accordance with the 2003 Regs | Capital Adjustment Account |
| Intangible Assets | Amortisation and impairment | Revenue provision to cover historical cost determined in accordance with the 2003 Regs | Capital Adjustment Account |
| Heritage Assets | Impairment | Revenue provision to cover historical cost determined in accordance with the 2003 Regs | Capital Adjustment Account |
| Investment Properties | Movements in fair value | Revenue provision to cover historical cost determined in accordance with the 2003 Regs | Capital Adjustment Account |
| Revenue Expenditure Funded from Capital under Statute | Expenditure incurred in year | Revenue provision to cover historical cost determined in accordance with the 2003 Regs | Capital Adjustment Account |
| Deferred Income on PFI contract | Third party Income in Energy From Waste Plant | Non cash transaction | Capital Adjustment Account |
| Capital Grants and Contributions | Grants that became unconditional in year or were received in year without conditions | No credit | Capital Grants Unapplied Reserve (amounts unapplied at 31 March) Capital Adjustment Account (other amounts) |

| | | | |
|-----------------------------|--|--|---|
| Non-Current Asset Disposals | Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal) | No charge or credit | Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received) |
| Financial Instruments | Movements in the fair value of CCLA investment. | Gains/losses for CCLA Investment. | Pooled Investment Fund Adjustment Account |
| Pensions Costs | Movements in pensions assets and liabilities. | Employer's pensions contributions payable and direct payments made by the Council to pension funds for year | Pensions Reserve |
| Council Tax | Accrued income from in year bills | Demand on the Collection Fund for the year plus recovery of estimated deficit/share for prior year | Collection Fund Adjustment Account |
| Business Rates | Accrued income from in year bills | Budgeted income receivable from the Collection Fund for the year plus recovery of estimated deficit/share for prior year | Collection Fund Adjustment Account |
| Untaken Leave entitlements | Projected cost of untaken leave entitlements at 31 March. | No charge | Accumulated Absences Adjustment Account |
| Dedicated Schools Grant | Movement between earmarked reserve to unusable reserve | Transfer accumulated deficit from earmarked reserve to unusable reserve | Dedicated Schools Grant Adjustment Account |

41.5 Prior period Adjustments and Changes in Accounting Policies and Estimates

Prior period adjustments may arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is material, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

41.6 Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Pensions.
- The Local Government Pensions Scheme, administered by Devon County Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Teacher's and NHS Scheme provides defined benefits to members, however, the arrangements for the teachers' scheme and NHS pensions mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant lines in the Comprehensive Income and Expenditure account are charged with the employer's contributions in year.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- the liabilities of the Devon County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to-date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond.
- the assets of Devon County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value

The change in the net pensions liability is analysed into the following components:

- **Service cost** comprising:

Current service cost – allocated in the CIES to the services for which the employees worked

Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Includes gains or losses on settlements and

curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees such as the transfer of staff to an alternative supplier: Debited/Credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.

Net Interest on the net pension liability - the expected net increase in the present value of liabilities during the year as they move one year closer to being paid offset by the expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - debited to the Financing and Investment Income and Expenditure line in the CIES.

Administration Costs – debited to the Provision of Services in the CIES as part of Corporate Costs.

• **Remeasurements** comprising:

Return on Plan Assets – these exclude amounts included in net interest on the net defined benefit liability. Any movement in year is an adjustment to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – any movement in year is an adjustment to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Payments to Fund:

Contributions paid to the Devon County Council Local Government Pension Scheme - cash paid as employer's contributions to the pension fund in settlement of liabilities are not accounted for as an expense in the CIES. In 2020/21 the Council made a cash payment to the Pension Scheme equal to three years of secondary rate contributions in consideration for a discount. The recognition of the annual costs remain in line with the actuarial valuation certificate therefore the balance has been accounted for as a payment in advance.

Termination Benefits

Termination benefits are charged on an accruals basis or as a provision to the appropriate service (or to the Non Distributed Costs line in the CIES where they relate to pensions enhancements) at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Local Government Reorganisation

Torbay Council in 1998 agreed to fund a tax base share of Devon County's enhanced pension payments (unfunded benefits). A liability, based on IAS19 actuarial information provided to Devon County Council has been recognised with the corresponding balance held in the Pension Reserve. The movement in the IAS19 liability each year is recognised in Cost of Services and reversed in the Movement in Reserves statement. The payments in year to Devon County Council are recognised in the Cost of Services.

TDA – Pension Liability Guarantee

In 2019/20 the Council recognised a financial guarantee for the LGPS pension liability for the TDA (a subsidiary company) that would require the Council to pay the TDA employer pension payments to the Devon County Pension Fund if the TDA defaulted on the payments. The TDA remains an admitted body to the pension scheme and will make higher employer contributions to mitigate any financial risk to the Council. The TDA will continue to recognise a pension liability

under IAS19 and recognises an asset to the value of that IAS19 Liability. The value of the Council's liability is a judgement under IFRS9 derivative liabilities and has been assessed as 100% of the value of the TDA IAS19 pension liability. The movement in a year on the assessed value of the liability is recognised through Other Operating Income and Expenditure offset by the application of the pension statutory override.

41.7 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to their contractual provisions. They are initially measured at fair value.

Financial liabilities are subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial assets are subsequently measured in one of two ways:

- amortised cost – assets whose contractual terms are basic lending arrangements (i.e., they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- fair value – all other financial assets

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES. Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

Where the Council provides a loan for a capital purpose it is treated as capital expenditure for capital financing with the balance of the loan held as a debtor with repayments of the loan treated as a capital receipt.

Assets carried at Fair Value through Profit and Loss

The Council's holding with its sterling liquidity fund has been designated as a Financial Asset at Fair Value through Profit and Loss. The definition is met as the Council's holding is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit making as the fund's manager is a set a benchmark target to achieve for each year.

Any changes in the fair value of the asset are reflected in the carrying value of the asset and the changes in year credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

The Council has invested in a property fund (CCLA) where under regulation the investment does not need to be accounted as capital expenditure. The Council has classified this investment at

Fair Value through profit or loss with any changes in value recognised in the Comprehensive Income and Expenditure Statement with the application of a statutory override (SI 2018/1207) to reverse any impact on the general fund through the MIRS to the Pooled Investment Fund Adjustment Account. Any dividends in year is recognised as part of its investment income.

41.8 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions such as developers' contributions under section 106 agreements or Community Infrastructure Levy (CIL), and donations (if any) are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with any conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Council are not credited to the CIES until the Council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES. The recognition of grants and contributions is on an accruals basis. Developer contributions under S106 or CIL agreements are presumed to have conditions unless clear evidence to the contrary that would require repayment if not met and are recognised as a receipt in advance.

41.9 Heritage Assets

Subject to a de minimis of £50,000, expenditure on, or the value of donated heritage assets, are capitalised where the Council has information on the cost or value of the heritage asset. Within one location several articles have been grouped into a single collection which is accounted for as an individual Heritage asset.

41.10 Interests in Companies and other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and associates. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost or fair value.

The Council under IFRS9 has designated its holding in one of its subsidiaries, Torbay Development Agency as an "investment in an equity instrument designated at fair value through other comprehensive income". Where the purpose of the subsidiary is primarily to provide services on behalf of the council including strategic economic development purposes, the initial and subsequent recognition of the Council's investment in its subsidiaries is at the nominal value of the shares held. Where a subsidiary company has its own subsidiary companies, the investment will continue to be at the nominal value of the shares held. The Council recognises the value of its other interests in companies, such as associates, at cost.

Other Entities

Torbay and South Devon Health and Care NHS Foundation Trust

The Council has an agreement with the Trust and Devon Clinical Commissioning Group where the Council's makes a fixed annual payment for the provision of Adult Social Care. The Trust are accounting for the partnership on the basis that the Council is funding the Trust to undertake delegated activities. The Trust will account for income and expenditure on the Adult Social Care functions in the appropriate service category and will account for the funding received for the Council as "providing" income. The Council will show the funding paid to the Trust for providing the delegated functions within its Income and Expenditure Account.

Better Care Fund

From April 2015 Torbay Council with the Torbay and South Devon Clinical Commissioning Group (CCG) jointly received funding as part of the Better Care Fund initiative. The majority of the Better Care Fund is managed by a s75 pooled budget with the CCG as host – capital funding is excluded. The control of the expenditure in the pooled budget is jointly controlled between the two bodies. Expenditure and income associated with the pooled budget are accounted for in line with contributions from the two partners in year which are assumed to be the relevant “share”.

The Council receives the former “S256” fund allocation from the Better Care Fund to be used to support social care. This has been treated as income and expenditure in the Cost of Services.

The Council receives funding for adult social care from the Improved Better Care Fund. Although the funding is reported and monitored as part of the Better Care Fund with the CCG, the IBCF funding is excluded from the s75 pooled budget.

41.11 Investment Properties

Investment properties are those that are held solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently on an annual at fair value.

Investment properties are not depreciated. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. Any net increase in value prior to the asset being classified as an investment property is held and ‘frozen’ in the Revaluation Reserve until the asset is disposed or reclassified.

41.12 Leases

The Council’s leases relate mainly to property where the Council both leases in and leases out property. The Council has considered all its leases for possible classification as finance or operating leases. The Council presumes a lease to be an operating lease unless there is evidence to the contrary and it is material to the accounts that a lease is classified as a finance lease.

Leases are classified as finance leases, subject to a de minimis value of £50,000, where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. The land element is now assessed by reference to the prevailing land value in the locality of the asset. Over the five-year rolling programme of valuations all land will be valued on this basis. Previously the land value was assumed to be 30% of the total value of the asset unless there was evidence to the contrary.

As Lessee: Rentals paid by the Council under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made, if material, on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal, with the gain/loss attributable to the difference between the carrying amount of the asset and the Council’s net investment in the lease being credited/debited to the Other Operating Expenditure line in the CIES. The net investment in the lease is recognised as a lease asset in the Balance Sheet, net of any premium paid. Lease rentals receivable are apportioned between:

- a credit for the disposal of the interest in the property – applied to write down the lease asset

- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

As Lessor: Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made, if material, on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

41.13 Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A general de-minimis limit of £25,000 is applied to recognition of expenditure on Property, Plant and Equipment. Exceptions to the de-minimis limit are made for projects or individual purchases under £25,000 where there are specific service requirements to do so e.g. school minor improvement works which are funded under Special Government Initiatives and fleet vehicle purchases.

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Capital expenditure is not recognised until 31st March therefore no depreciation is charged in year of acquisition or enhancement. Where capital expenditure has occurred the expenditure in year is deemed to have increased the current value of the asset by a "pound for pound" amount.

Where, if capital expenditure is assessed as not adding value to the asset, the corresponding value will be written off as impairment.

Certain categories of Property, Plant and Equipment are measured subsequently at current value – see policy 1 for details.

Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.

Certain categories of PPE are measured subsequently at current value (such as surplus assets). Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

In general, within the rolling programme where an asset's gross value is a value under £25,000 this asset value will be recorded at nil. All asset valuations are carried out in accordance with the Statements of Asset Valuation Practices and Guidance notes published by RICS and CIPFA. The management of property valuations is undertaken by Jonathan Veale M.R.I.C.S. who is an employee of TDA. All planned revaluations in a financial year will be as at 1st April of that year which results in depreciation for a year being calculated on the revalued amount. The only exception would be if the total depreciation charge for the year would be materially incorrect. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are assessed at each year-end as to whether there is any indication that items may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for in the same way as revaluation losses.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives as estimated by the Council's valuer, making an allowance for any residual value. Annual depreciation is calculated based upon the Balance Sheet value for each asset as at 1st April for that year which will include any revaluations in year.

An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

The valuation of land is determined by one of the following: -

- where the asset being valued includes a building, the land value is assumed to be 30% of the value of the asset, or a percentage as adjusted by the Valuer if they feel a different percentage is appropriate.
- where there is no building, the prevailing land value in the locality of the asset considering its use, is used.

Over the five-year rolling programme of valuations all land will be valued on the above basis.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

Where an asset is treated as a disposal due to the length of the lease and there is an ongoing annual rent, the asset is initially derecognised then the value of the future lease payments treated as long term debtor with the balance shown as a deferred capital receipt. Lease payments in future years therefore reduce both the value of the long-term debtor and the deferred capital receipts reserve.

Schools Recognition

The Council's recognition (or otherwise) of the different types of school assets are as follows:

| Schools Type | Land | Buildings | Test |
|---|-------------------|-------------------|--------------------------------|
| Community | On balance sheet | On balance sheet | Council Control |
| Academy | Off balance sheet | Off balance sheet | Academy freehold of long lease |
| Foundation | On balance sheet | On balance sheet | IFRS10 – subsidiary |
| Voluntary Aided | Off balance sheet | On balance sheet | Substance of arrangement |
| Voluntary Controlled (none as at 31/3/21) | Off balance sheet | On balance sheet | Substance of arrangement |
| Playing Fields | On balance sheet | n/a | Council Control |

Voluntary Aided Schools

The land and buildings are owned by dioceses. Under IFRS10 maintained schools, including Voluntary Aided, meet the definition of entities controlled by the Council. Therefore, all assets and liabilities of the school are recognised on the Council's balance sheet. In the absence of any lease arrangements between the diocese and governing body and based on the substance of the arrangement the assets have been recognised on the Council's balance sheet. The substance of the arrangement is that the asset has been used for school purposes for several years and at year end there is no expectation that the diocese will exercise its rights to take back the assets. In addition, the Council is funding the school and the governing body are controlling the use of the asset as a school and are maintaining and insuring the assets.

Land owned by a diocese and used for school purposes, in the absence of lease arrangement or statutory transfer, has not been recognised as a Council asset due to the infinite life of land.

41.13B Infrastructure Assets

Infrastructure Assets include highways assets such as carriageways, footways, street lighting, street furniture and traffic management systems and land which together form a single integrated network.

Recognition: expenditure on the acquisition or replacement of components of these assets is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably.

Measurement: infrastructure assets are generally measured at depreciated historic cost. However, this is a modified form of historic cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at the time to be historical cost. Where impairment losses are identified they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation: This is provided on the parts of infrastructure assets that are subject to deterioration and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis on an annual basis. Useful lives of assets are assessed by the appropriate Council engineer for that type of asset.

Disposals and derecognition: When a component of the asset is disposed of or de commissioned, the carrying amount of the component in the balance sheet is written off to the “other operating expenditure” line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts, if any, are credited to the same line as disposed or decommissioned assets. The written off amounts are not a charge to Council tax as the cost of non-current assets is fully provided for under separate arrangement for capital financing. These are reflected in the capital adjustment account from the general fund balance in the movement in reserves statement. The council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2022 that the carrying amounts are to be derecognised for infrastructure assets, when there is replacement expenditure, is nil.

41.14 Private Finance Initiative (PFI)

As the Council is deemed to control the services that are provided under its PFI contracts, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge; the assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at current value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The amounts payable to the PFI operators each year are analysed into three elements:

- fair value of the services received during the year - debited to the relevant service in the CIES.
- finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator. In addition, the Council makes an annual revenue provision to the Capital Adjustment Account that is equal to the annual reduction in the liability to the contractor and correspondingly reduces the Council’s Capital Financing Requirement.

For the Energy From waste scheme there are two additional elements.

- deferred credit from the write down of the long term liability for the expected third party income received during the year - credited to the relevant service in the CIES, with a reversal in the MIRS to the Capital Adjustment Account.
- contingent rent - a reduction to the finance costs in year due to the impact of third-party income on the total costs to the Council.

Any lifecycle costs incurred by the contractor are assumed to be revenue in nature in maintaining the existing value of the asset.

Any variations of a capital nature requested and funded by the school are treated as capital expenditure and capital resources outside the PFI contract.

41.15 Provisions

Provisions are charged as an expense to the appropriate service line in the CIES where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

The Council is required to provide for the cost of any backdated NNDR refunds arising from appeals submitted to the Valuation Office that are successful. The Council’s balance sheet only reflects the Council’s 49% share of the provision.

The Council has estimated the impact of appeals submitted by 31st March 2017 using historic information; however, for appeals that could be submitted after 31st March 2017 (after the national 2017 Revaluation) there is not enough information from the Valuation Office to enable a reliable estimate to be made therefore an estimate has been made based on an appeals percentage provided by MHCLG on the NNDR returns.

41.16 Overheads and Support Services

The Council's CIES is presented on a segmental basis in line with the Council's internal reporting. On this basis the costs of cross Council overheads and support services are accounted for within the relevant management segment and are not allocated to services. The exceptions to this are where the service is accounted for on a "ring fenced" basis such as public health, schools and harbours where the costs of support services are allocated in line with the CIPFA Service Reporting Code of Practice. The costs of a service's own management and administration are accounted for within the service segment.

COLLECTION FUND SUMMARY ACCOUNT 2020/21

This account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and the way in which these have been distributed to preceptors.

| Council tax £m | NNDR £m | Total £m | | Council tax £m | NNDR £m | Total £m |
|-------------------|------------|-------------|--|-------------------|--------------|---------------|
| 2019/20 | | | | 2020/21 | | |
| (109.5) | - | - | Gross Council Tax Payable for Year | (113.6) | - | - |
| 23.1 | - | - | Reduced Assessments | 24.7 | - | - |
| (86.4) | (31.7) | (118.1) | Council Tax & NNDR Receivable | (88.9) | (9.5) | (98.4) |
| | | | Expenditure: | | | |
| | | | Precepts and Demands | | | |
| 9.7 | - | 9.7 | Police and Crime Commissioner for Devon and Cornwall | 10.3 | - | 10.3 |
| 3.9 | 0.3 | 4.2 | Devon & Somerset Fire & Rescue Authority | 4.0 | 0.3 | 4.3 |
| 0 | 14.6 | 14.6 | DCLG, (Central Government) | 0 | 15.3 | 15.3 |
| 69.0 | 14.4 | 83.4 | Torbay Council's Own Demand (Including Brixham Town Council) | 72.7 | 15.0 | 87.7 |
| 82.6 | 29.3 | 111.9 | Total Precepts and Demands | 87.0 | 30.6 | 117.6 |
| - | 0.2 | 0.2 | Cost of Collection Allowance | - | 0.2 | 0.2 |
| | | | Distribution of Previous Years Estimated Surplus/(Deficit); | | | |
| 0.2 | - | 0.2 | Police and Crime Commissioner for Devon and Cornwall | 0.3 | - | 0.3 |
| 0.1 | - | 0.1 | Devon & Somerset Fire & Rescue Authority | 0.1 | - | 0.1 |
| - | - | - | DCLG, (Central Government) | - | - | - |
| 1.7 | (0.2) | 1.5 | Torbay Council | 2.2 | (0.5) | 1.7 |
| 2.0 | (0.2) | 1.8 | Total Distribution of previous year's Surplus/(Deficit) | 2.6 | (0.5) | 2.1 |
| | | | Bad and Doubtful Debts/Appeals | | | |
| 0.6 | 0.3 | 0.9 | Write Offs | 0.2 | - | 0.2 |
| 1.5 | 0.3 | 1.8 | Impairment for Uncollectable debt | 3.7 | 0.3 | 4.0 |
| - | 1.9 | 1.9 | Provision for Appeals | - | 1.4 | 1.4 |
| 2.1 | 2.5 | 4.6 | Total Bad & Doubtful Debt and Appeals | 3.9 | 1.7 | 5.6 |
| | | | Total Expenditure | | | |
| 0.3 | 0.1 | 0.4 | (Surplus)/Deficit for Year | 4.6 | 22.5 | 27.1 |
| | | | Movement of Collection Fund Balance | | | |
| (2.0) | 0.7 | (1.3) | Balance brought forward as at 1st April | (1.7) | 0.8 | (0.9) |
| 0.3 | 0.1 | 0.4 | (Surplus)/Deficit for Year | 4.6 | 22.5 | 27.1 |
| (1.7) | 0.8 | (0.9) | Balance carried forward as at 31st March | 2.9 | 23.3 | 26.2 |
| | | | Balance Attributable to major precepting bodies | | | |
| (0.2) | - | (0.2) | Police and Crime Commissioner for Devon and Cornwall | 0.4 | - | 0.4 |
| (0.1) | - | (0.1) | Devon & Somerset Fire & Rescue Authority | 0.1 | 0.2 | 0.3 |
| - | 0.1 | 0.1 | Central Government | - | 11.8 | 11.8 |
| (1.4) | 0.7 | (0.7) | Torbay Council | 2.4 | 11.3 | 13.7 |
| (1.7) | 0.8 | (0.9) | Balance carried forward at 31st March | 2.9 | 23.3 | 26.2 |

NOTES TO THE COLLECTION FUND SUMMARY ACCOUNT

These notes represent the statutory requirement for a billing Council to maintain a separate Collection Fund. The accounts are consolidated with the Council's main accounts. In its Balance Sheet the Council includes the disaggregated amounts for the Major Precepting Bodies within its current assets and liabilities. The surplus attributable to Torbay Council has been treated as a credit on the Collection Fund Adjustment Account.

In addition to the statutory Collection Fund Statement, the Council in its Income & Expenditure account reflects, as income in year, its share, based on precepting values, of the year end Collection Fund position. The Council on its balance sheet reflects its share of year end assets (arrears and impairment) and liabilities (prepayments) attributable to the Collection Fund. The balance is shown in the accounts of the individual precepting bodies.

Brixham Town Council, a local precepting authority, 'precepts' on Torbay Council as a billing authority to fund its activities, the precept for 2020/21 was £0.355m (£0.317m in 2019/20) and is received from council taxpayers in the town council's area. This precept is included in Torbay Council's demand on the collection fund.

The Collection Fund in 2020/21 was impacted by the COVID pandemic in the following ways:

- MHCLG provided a 100% NNDR relief scheme for retail, leisure, and hospitality premises. This resulted in approx. £23m of additional reliefs in 2020/21. As a result, the NNDR receivable was significantly reduced.
- Primarily due to the reliefs awarded the deficit on the Collection Fund for NNDR was increased by £22.5m of which 49% is the Council's share. This loss will be offset by additional grant paid by MHCLG during 2020/21 that will be carried forward in an earmarked reserve to be applied to meet the deficit in 2021/22.
- The collection of Council tax was impacted and the deficit in the year was £4.6m. Of this total deficit MHCLG have permitted that the cost of the "exceptional loss" element of this deficit can be spread over three financial years from 2021/22.

A) Council Tax Base 2020/21

The number of dwellings Band D equivalent for 2020/21 is required for the setting of the Council Tax. It is calculated prior to the start of the financial year by using the number of dwellings on the valuation list adjusted to set the number of chargeable dwellings per band. This is then adjusted for an appropriate level of reduced assessments (discounts) prior to the number of dwellings in each band being put in a ratio compared to Band D. For further details on this please see "Council Tax Base 2020/21" report from the Council meeting in December 2019.

For Council tax purposes the number of domestic properties in each band converted to a Band D equivalent for 2020/21 was as follows:

Torbay Council
2020/21 Statement of Accounts for the year ended 31st March 2021 – Supplementary Financial
Statement (Collection Fund)

| Valuation Band | Ratio to Band D | Amount payable by all council tax payers | | | Additional amount payable by council tax payers resident in the Brixham Town Council area | | |
|---|-----------------|--|-----------------------------------|------------------------------------|---|-----------------------------------|------------------------------------|
| | | No Dwellings in valuation list | No of Dwellings Band D Equivalent | Average Council Tax Per Dwelling £ | No Dwellings in valuation list | No of Dwellings Band D Equivalent | Average Council Tax Per Dwelling £ |
| A | 6/9 | 13,730 | 5,524.7 | 1,248.59 | 1,409 | 576.3 | 37.80 |
| B | 7/9 | 17,700 | 10,165.9 | 1,456.69 | 2,249 | 1,303.0 | 44.10 |
| C | 8/9 | 16,847 | 12,201.1 | 1,664.79 | 2,501 | 1,813.0 | 50.40 |
| D | 1 | 10,506 | 9,160.0 | 1,872.89 | 1,608 | 1,426.9 | 56.70 |
| E | 11/9 | 5,244 | 5,826.6 | 2,289.09 | 704 | 781.3 | 69.30 |
| F | 13/9 | 2,386 | 3,190.5 | 2,705.29 | 350 | 460.7 | 81.90 |
| G | 15/9 | 1,250 | 1,915.2 | 3,121.48 | 97 | 155.8 | 94.50 |
| H | 2 | 134 | 219.0 | 3,745.78 | 6 | 5.0 | 113.40 |
| TOTAL | | 67,797 | 48,203.0 | | 8,924 | 6,522.0 | |
| Less Allowance for Non Collection @ 4.0% (4.0% 19/20) | | | (1,928.12) | | | (260.88) | |
| TAX BASE 2020/21 | | | 46,274.88 | (45,699.55 19/20) | | 6,261.12 | (6,187.87 19/20) |
| Band D Council Tax (excluding Brixham Town Council precept) | | | | 1,872.89 (1,801.84 19/20) | Band D Council Tax (including Brixham Town Council precept) | | 1,929.59 (1,853.13 19/20) |

B) Income from Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate. The total rateable value as at 31st March 2021 was £94.5m (2019/20: £93.7m).

In line with the Local Government Act 2003, from 1st April 2005, there are two multipliers, the small business non-domestic rating multiplier, which is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier, which includes the supplement to pay for small business relief. The small business non-domestic rating multiplier for 2020/21 was 49.9 pence per pound of rateable value and the non-domestic rating multiplier was 51.2 pence per pound.

In April 2013 the NNDR retention scheme was introduced with Councils now responsible for a percentage share of all transactions in relation to NNDR income in their area. This to include movement up and down in NNDR income, (up to a safety net), which includes the payment of any outstanding NNDR appeals as at 31st March 2021 that have not yet been determined by the valuation office. Torbay Council as a unitary authority is responsible for 49% of the NNDR income, Ministry of Housing, Communities & Local Government 50%, and Devon and Somerset Fire authority 1%.

Group Accounts

These group accounts which consist of four primary statements are provided in addition to the notes to the accounting statements in the “single entity” Statement of Accounts

Notes are not included where there are no material differences. Disclosures have been made for group property, plant, and equipment and group pension liability. The other material differences between the Council’s single entity and group accounts are in relation to long term debtors and creditors where £8m of loans between the council and its subsidiaries has been consolidated.

Generally, the accounting policies for the Group accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the Group accounts. The critical judgements, estimation uncertainty points made in the single entity accounts (note 3) applies to the group accounts as well.

A subsidiary is an entity which the Council controls through the power to govern their financial and operating policies to obtain benefits from the entities’ activities. Control is usually presumed where the Council owns more than half the voting power of an entity (either directly or through other subsidiaries). However, this is not a defining criterion; the Council can have more than half the voting power but exceptionally not be in control and powers other than voting rights may grant control where the Council has less than half the voting power.

An associate is an entity for which the Council is an investor that has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (stopping short of control or joint control). It is presumed that holding 20% of the voting power of an investee (either directly or indirectly) brings significant influence but this presumption can be rebutted. It is possible for significant influence to be exerted where an investor has less than 20% of the voting power or where another party has majority ownership.

In accordance with the above policy, group relationships have been determined as follows:

| Entity | Torbay Ownership | Company Type |
|--|------------------|---------------------------------------|
| TOR2 | 19.99% | Associate (ceased trading July 20) |
| CSW Group | 25% | Joint Venture |
| Oldway Mansion Management Company | 100% | Subsidiary (not trading in 2020/21) |
| Torbay Education Limited | 100% | Subsidiary (not trading in 2020/21) |
| SWISCo Limited | 100% | Subsidiary |
| Riviera International Conference Centre | 100% | Subsidiary (by control) |
| English Riviera Tourism Company | 100% | Subsidiary (by control) (not trading) |
| Torbay Housing Company Group of Companies: (not trading in 2020/21) | | |
| Torbay Housing Company | 100% | Subsidiary, Parent of Group |
| Torbay Housing Development Company | 100% | Subsidiary of Torbay Housing Co. |
| Torbay Housing Rental Company | 100% | Subsidiary of Torbay Housing Co. |

TDA Group of Companies:

Torbay Economic Development Company (TEDC)

| | | |
|---|------|--------------------------------------|
| (Trading as TDA) | 100% | Subsidiary, Parent of Group |
| TEDC Subsidiary Companies: - | | |
| Complete Facilities Management Services Ltd | 100% | Subsidiary of TEDC Ltd |
| KAH Holding Company | 100% | Subsidiary of TEDC Ltd |
| Enterprise South West Ltd | 100% | Subsidiary of TEDC Ltd (not trading) |
| C&A Consultants (Torquay) Limited | 100% | Subsidiary of TEDC Ltd |
| TorVista Homes Ltd | 100% | Subsidiary of TEDC Ltd |
| TEDC Developments Limited | 100% | Subsidiary of TEDC Ltd |

The grounds for exclusion from consolidation of certain entities (individually and in aggregate) are not material to the true and fair view of the financial statements or to the understanding of users.

The Group accounts have been prepared using the Group accounts requirements of the 2020/21 Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's Group accounts, to the extent that they are material to the users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated by adding like items of assets, liabilities, reserves, income and expenses together on a line-by-line basis eliminating intra-group balances and transactions in full.

Associates and Joint Ventures have been consolidated using the equity method. Where an Associate or Joint Ventures has negative net equity these are recorded as nil value in the Group Accounts. Where in a year there is a movement in the net equity of the associate this is reflected in the Group Comprehensive Income and Expenditure statement and then reversed in the MIRS to maintain a nil value in the balance sheet.

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into “usable reserves” and other reserves.

| 2019/20 | General Fund Balance | Earmarked General Fund Reserves | Sub Total Revenue Reserves | Capital Receipts Reserves Restated | Capital Grants Unapplied Account | Total Usable Reserves Restated | Unusable Reserves Restated | Total Council Reserves | Council share of Group | Total Group Reserves |
|---|-----------------------------|--|-----------------------------------|---|---|---------------------------------------|-----------------------------------|-------------------------------|-------------------------------|-----------------------------|
| | £m | £m Note 10 | £m | £m Note 9 | £m Note 9 | £m Note 25 | £m Note 26 | £m | £m | £m |
| Balance at 31st March 2019 brought forward | 4.6 | 31.0 | 35.6 | 0.8 | 8.7 | 45.1 | (17.3) | 27.8 | 0.5 | 28.3 |
| Movement in Reserves during 2019/20 | | | | | | | | | | |
| Surplus or (deficit) on provision of services (accounting basis) | (8.9) | 0 | (8.9) | 0 | 0 | (8.9) | 0 | (8.9) | (3.9) | (12.8) |
| Other Comprehensive Expenditure and Income (see C I&E Statement) | 0 | 0 | 0 | 0 | 0 | 0 | 25.7 | 25.7 | 2.4 | 28.1 |
| I&E Adjustments between Group and Torbay | (3.1) | 0 | (3.1) | 0 | 0 | (3.1) | (4.9) | (8.0) | 8.0 | 0 |
| Total Comprehensive Expenditure and Income | (12.0) | 0 | (12.0) | 0 | 0 | (12.0) | 20.8 | 8.8 | 6.5 | 15.3 |
| Adjustments between accounting basis & funding basis under regulations (Note 9) | 14.2 | 0 | 14.2 | (0.4) | 1.1 | 14.9 | (14.9) | 0 | 0 | 0 |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 2.2 | 0 | 2.2 | (0.4) | 1.1 | 2.9 | 5.9 | 8.8 | 6.5 | 15.3 |
| Transfers (to)from Earmarked Reserves (Note 10) | (2.2) | 3.3 | 1.1 | 0 | 0 | 1.1 | (1.1) | 0 | 0 | 0 |
| Increase/(Decrease) in Year | 0 | 3.3 | 3.3 | (0.4) | 1.1 | 4.0 | 4.8 | 8.8 | 6.5 | 15.3 |
| Balance at 31st March 2020 carried forward | 4.6 | 34.3 | 38.9 | 0.4 | 9.8 | 49.1 | (12.5) | 36.6 | 7.0 | 43.6 |

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| 2020/21 | General Fund Balance | Earmarked General Fund Reserves* | Sub Total Revenue Reserves | Capital Receipts Reserves | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Council Reserves | Council share of Group | Total Group Reserves |
|--|-----------------------------|---|-----------------------------------|----------------------------------|---|------------------------------|--------------------------|-------------------------------|-------------------------------|-----------------------------|
| | £m | £m Note 10 | £m | £m Note 9 | £m Note 9 | £m Note 25 | £m Note 26 | £m | £m | £m |
| Balance at 31st March 2020 brought forward | 4.6 | 34.3 | 38.9 | 0.4 | 9.8 | 49.1 | (12.5) | 36.6 | 7.0 | 43.6 |
| Movement in Reserves during 2020/21 | | | | | | | | | | |
| Surplus or (deficit) on provision of services (accounting basis) | 2.3 | 0 | 2.3 | 0 | 0 | 2.3 | 0 | 2.3 | (28.5) | (26.2) |
| Other Comprehensive Expenditure and Income (see C I&E Statement) | 0 | 0 | 0 | 0 | 0 | 0 | (23.1) | (23.1) | (4.8) | (27.9) |
| I&E Adjustments between Group and Torbay | (14.6) | 0 | (14.6) | 0 | 0 | (14.6) | (2.9) | (17.5) | 17.5 | 0 |
| Total Comprehensive Expenditure and Income | (12.3) | 0 | (12.3) | 0 | 0 | (12.3) | (26.0) | (38.3) | (15.8) | (54.1) |
| Adjustments between accounting basis & funding basis under regulations | 36.8 | 0 | 36.8 | 1.4 | 2.4 | 40.6 | (40.6) | 0 | 2.6 | 2.6 |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 24.5 | 0 | 24.5 | 1.4 | 2.4 | 28.3 | (66.6) | (38.3) | (13.2) | (51.5) |
| Transfers (to)from Earmarked Reserves | (23.4) | 23.4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) in Year | 1.1 | 23.4 | 24.5 | 1.4 | 2.4 | 28.3 | (66.6) | (38.3) | (13.2) | (51.5) |
| Balance at 31st March 2021 carried forward | 5.7 | 57.7 | 63.4 | 1.8 | 12.2 | 77.4 | (79.1) | (1.7) | (6.2) | (7.9) |

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing the Group's services in accordance with generally accepted accounting practices.

| 2019/20 | | | | 2020/21 | | | |
|-----------------------|--------------------------|---------------------|---|---------|--------------|-----------------|----------------|
| Gross Exp Restated £m | Gross Income Restated £m | Net Exp Restated £m | Services | Note | Gross Exp £m | Gross Income £m | Net Exp £m |
| 46.9 | (14.2) | 32.7 | Adult's Services | | 53.4 | (14.4) | 39.0 |
| 101.8 | (54.6) | 47.2 | Children's Services | | 101.1 | (53.7) | 47.4 |
| 68.8 | (57.8) | 11.0 | Corporate Services | | 65.6 | (57.1) | 8.5 |
| 8.2 | (16.6) | (8.4) | Finance | | 32.2 | (35.5) | (3.3) |
| 52.4 | (21.5) | 30.9 | Place | | 33.9 | (19.0) | 14.9 |
| 9.0 | (5.2) | 3.8 | Place – Subsidiary Companies | | 34.0 | (6.2) | 27.8 |
| 9.0 | (0.2) | 8.8 | Public Health | | 8.4 | 0 | 8.4 |
| 296.1 | (170.1) | 126.0 | Cost Of Services | | 328.6 | (185.9) | 142.7 |
| 3.5 | (3.5) | 0 | Other Operating Income & Expenditure | | 6.8 | (2.8) | 4.0 |
| 29.5 | (18.5) | 11.0 | Financing and Investment Income and Expenditure | | 38.5 | (29.3) | 9.2 |
| 0.1 | (124.3) | (124.2) | Taxation and Non-Specific Grant Income and expenditure | | 0 | (130.2) | (130.2) |
| 329.2 | (316.4) | 12.8 | (Surplus)/Deficit on Provision of Services | | 373.9 | (348.2) | 25.7 |
| 0 | 0 | 0 | Share of (surplus) or deficit on the provision of serves by joint ventures and associates | | 0.4 | 0 | 0.4 |
| 0 | 0 | 0 | Tax Expenses of Group Companies | | 0.1 | 0 | 0.1 |
| 329.1 | (316.6) | 12.8 | Group (Surplus)/Deficit | | 374.4 | (348.2) | 26.2 |
| | | (9.3) | (Surplus)/Deficit on revaluation on Non Current Assets (PPE) | | | | (8.5) |
| | | 2.2 | Impairment losses on non current assets charged to the revaluation reserve | | | | 3.6 |
| | | (21.0) | Remeasurement of net defined pension liabilities | | | | 30.2 |
| | | 0 | Council share of OCIE of Joint Venture and Associates | | | | 2.6 |
| | | (28.1) | Other Comprehensive Income and Expenditure | | | | 27.9 |
| | | (15.3) | Total (Surplus)/Deficit in Comprehensive Income and Expenditure | | | | 54.1 |

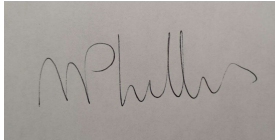
Group Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Group at 31 March 2021. The net assets of the Group are matched by Group reserves.

| 31st March 2020 restated | | Note | 31 st March 2021 |
|-----------------------------|---|------|--------------------------------|
| £m | | | £m |
| 247.6 | Property, Plant & Equipment | G1 | 253.4 |
| 102.8 | Infrastructure Assets | | 101.4 |
| 33.5 | Heritage Assets | | 34.3 |
| 208.7 | Investment Property | | 203.1 |
| 0.7 | Intangible Assets | | 1.2 |
| 0.4 | Goodwill (Subsidiaries) | | 0.2 |
| 9.7 | Long Term Investments | | 5.8 |
| 18.4 | Long Term Debtors | | 19.5 |
| 621.8 | Long Term (Non Current) Assets | | 618.9 |
| 49.3 | Short Term Investments | | 74.0 |
| 0.1 | Assets Held for Sale | | 0.6 |
| 0.1 | Inventories | | 0.7 |
| 23.2 | Short Term Debtors | | 40.1 |
| 8.8 | Cash and Cash Equivalents | | 4.7 |
| 81.5 | Current Assets | | 120.1 |
| (5.4) | Short Term Borrowing | | (4.5) |
| (2.3) | Other Short-Term Liabilities | | (2.3) |
| (34.7) | Short Term Creditors (inc Receipts in Advance) | | (67.3) |
| (0.5) | Capital Grants/Contributions: Receipts in Advance | | (0.4) |
| (5.0) | Provisions | | (4.6) |
| (1.6) | Cash and Cash Equivalents | | (2.6) |
| (49.5) | Current Liabilities | | (81.7) |
| | | | |

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| 31st March 2020 restated | | | 31st March 2021 |
|-----------------------------|-------------------------------|----|----------------------------|
| £m | | | £m |
| (4.3) | Long Term Creditors | | (4.0) |
| (0.1) | Provisions | | 0 |
| (391.7) | Long Term Borrowing | | (389.2) |
| (39.5) | Other Long-Term Liabilities | | (35.7) |
| (173.0) | Pension Liability | G2 | (232.2) |
| (1.6) | Receipts in Advance | | (3.0) |
| (610.2) | Long Term Liabilities | | (664.1) |
| | | | |
| 43.6 | Net Assets/Liabilities | | (6.8) |
| | | | |
| 57.2 | Usable reserves | | 85.3 |
| (13.6) | Unusable Reserves | | (92.1) |
| | | | |
| 43.6 | Total Reserves | | (6.8) |



M Phillips
Chief Finance Officer
3 April 2023

Group Cash Flow Statement

The cash flow statement shows the changes to cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

| 2019/20 | | | 2020/21 | | |
|---------|--------|--|---------|--------|---------------|
| £m | £m | | note | £m | £m |
| | (5.5) | Net surplus or (deficit) on the provision of services, | | | (25.7) |
| 22.5 | | Adjustments to net surplus or deficit on the provision of services for non-cash movements | | 72.8 | |
| (11.1) | | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities including proceeds of investments and disposal of assets | | (12.8) | |
| (0.1) | | Taxation | | (0.1) | |
| | 5.8 | Net cash inflows/(Outflow) from Operating Activities | | | 34.2 |
| | (93.3) | Investing Activities: | | | (27.9) |
| | 92.0 | Financing Activities | | | (11.4) |
| | 4.5 | Net increase or (decrease) in cash and cash equivalents | | | (5.1) |
| 2019/20 | | | 2020/21 | | |
| £m | | Cash and Cash Equivalents | Notes | | £m |
| 2.7 | | Cash and cash equivalents * at the beginning of the reporting period | | | 7.2 |
| 7.2 | | Cash and cash equivalents at the end of the reporting period | | | 2.1 |
| 4.5 | | Net increase or (decrease) in cash and cash equivalents | | | (5.1) |

Note to the Group Accounts Core Statements

Note G1 – Property, Plant and Equipment

TDA Group property consists mainly of property held for regeneration purposes including Cockington Court and Craft Studios. Lymington Road Innovation Centre, Bishop's Place, Vaughan Parade, Kings Ash House, Rea Barn and a number of industrial units. From March 2021 Torvista Homes has started to buy property. SWISCo property is primarily vehicles and equipment.

| 2019/20 | | | 2020/21 | | | | |
|----------------|-----------|-------------|---|----------------|--------------|--------------|---------------|
| Torbay Council | TDA Group | Total Group | | Torbay Council | TDA Group | SWISCO | Total Group |
| £m | £m | £m | | £m | £m | £m | £m |
| | | | Cost or Valuation | | | | |
| 386.5 | 7.8 | 394.3 | As at 1 st April | 410.8 | 12.9 | 0 | 423.7 |
| 34.7 | 3.9 | 38.6 | Additions | 18.6 | 2.9 | 1.0 | 22.5 |
| 2.4 | 0 | 2.4 | Revaluation increases/ (decreases) recognised in the Revaluation Reserve | 1.1 | 0.1 | 0 | 1.2 |
| (9.8) | 1.4 | (8.4) | Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services | (5.9) | 0 | 0 | (5.9) |
| (3.0) | (0.2) | (3.2) | Derecognition – Disposals | (6.3) | 0 | (0.1) | (6.4) |
| 0 | 0 | 0 | Assets reclassified (to)/from Held for Sale | 1.3 | 0 | 0 | 1.3 |
| 0 | 0 | 0 | Other movements in Cost or Valuation | 0 | 0 | 0 | 0 |
| 410.8 | 12.9 | 423.7 | As at 31 st March | 419.6 | 15.9 | 0.9 | 436.4 |
| | | | Accumulated Depreciation and Impairment | | | | |
| (64.7) | (0.3) | (65.0) | As at 1st April | (72.9) | (0.4) | 0 | (73.3) |
| (10.9) | 0 | (10.9) | Depreciation charge | (11.5) | (0.1) | (0.1) | (11.7) |
| 2.0 | 0 | 2.0 | Depreciation written out to the Revaluation Reserve | 3.0 | 0 | 0 | 3.0 |
| 0.6 | 0 | 0.6 | Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services | 0.4 | 0 | 0 | 0.4 |
| 0.1 | (0.1) | 0 | Derecognition – Disposals | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | Other movements in Depreciation and Impairment | 0 | 0 | 0 | 0 |
| (72.9) | (0.4) | (73.3) | As at 31 st March | (81.0) | (0.5) | (0.1) | (81.6) |
| | | | Net Book Value: - | | | | |
| 321.8 | 7.5 | 329.3 | As at 31 st March (prior year) | 337.9 | 12.5 | 0 | 350.4 |
| 337.9 | 12.5 | 350.4 | As at 31 st March (end of year) | 338.6 | 15.4 | 0.8 | 354.8 |

Note G2 - Defined Benefit Pension Schemes

Local Government Pension Scheme

TEDC, Council and SWISCo are all separate admitted bodies to the Devon County Pension Scheme. For details of the Scheme please see note 40 of the council's single entity accounts. The note to the Group accounts only includes financial information where there is a material difference to the single entity accounts.

Net Pension Liability

| | Council | Subsidiaries | 31/3/20 £m | Council | Subsidiaries | 31/3/21 £m |
|---------------------------------------|----------------|--------------|----------------|----------------|---------------|----------------|
| Present value of Funded Obligation | (420.9) | (12.9) | (433.8) | (534.4) | (46.1) | (580.5) |
| Fair Value of Fund Assets (Bid Value) | 261.0 | 8.0 | 269.0 | 331.5 | 25.3 | 356.8 |
| Net Liability | (159.9) | (4.9) | (164.8) | (202.9) | (20.8) | (223.7) |
| Present value of Unfunded Obligation | (8.2) | 0 | 0 | (8.5) | 0 | (8.5) |
| Net Liability in Balance Sheet | (168.1) | (4.9) | (173.0) | (211.4) | (20.8) | (232.2) |

Reconciliation of fair value of the scheme (plan) assets:

| Assets: Local Government Pension Scheme | | | | |
|---|-------------------------------|--------------------------------------|--------------------------|-------------------------------|
| 2019/20 £m Council | 2019/20 £m Subsidiaries | | 2020/21 £m Council | 2020/21 £m Subsidiaries |
| 289.6 | 8.5 | Opening balance at 1 April | 260.9 | 8.0 |
| 6.9 | 0.2 | Interest on Assets | 4.6 | 0.3 |
| (30.3) | (0.9) | Return on Assets less Interest | 63.2 | 2.9 |
| 1.3 | 0 | Other Actuarial gains/(losses) | 0 | 0 |
| (0.2) | 0 | Administration Expenses | (0.2) | 0 |
| 1.8 | 0.1 | Contributions by scheme participants | 1.9 | 0.2 |
| 7.0 | 0.2 | Employer contributions | 6.7 | 0.7 |
| (14.7) | (0.1) | Benefits paid | (13.1) | (0.2) |
| (0.5) | 0 | Settlement process received/(paid) | 7.5 | 13.4 |
| 260.9 | 8.0 | Closing balance at 31 March | 331.5 | 25.3 |

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

| 2019/20 | 2019/20 | Liabilities: Local Government Pension Scheme | 2020/21 | 2020/21 |
|---------|--------------------|--|----------------|--------------------|
| £m | £m Subsidiaries | | £m | £m Subsidiaries |
| (468.2) | (13.6) | Opening balance at 1 April | (429.1) | (12.9) |
| (10.6) | (0.5) | Current service cost | (14.7) | (1.2) |
| (1.8) | (0.1) | Contributions by scheme participants | (1.9) | (0.2) |
| (11.1) | (0.3) | Interest cost | (8.8) | (0.5) |
| 41.2 | 1.8 | Change in Financial Assumptions | (103.5) | (5.4) |
| 5.7 | 0.2 | Change in Demographic Assumptions | 4.9 | 0.1 |
| 2.3 | (0.4) | Experience (loss)/gain on defined benefit obligation | 6.1 | 0.1 |
| 14.1 | 0.1 | Benefits paid | 12.5 | 0.2 |
| (2.2) | (0.1) | Past service costs, including Curtailments | 0 | 0 |
| 0.9 | 0 | Liabilities (assumed)/extinguished on Settlements | (9.0) | (26.3) |
| 0.6 | 0 | Unfunded Pension payments | 0.6 | 0 |
| (429.1) | (12.9) | Closing balance at 31 March | (542.9) | (46.1) |
| (8.2) | 0 | Present Value of Unfunded Obligation included in above | (8.5) | 0 |

ANNUAL GOVERNANCE STATEMENT 2020/21

ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2020/2021

Explanatory Note

This Annual Governance Statement covers the Financial Year 2020/2021.

The Council operates a Leader and Cabinet model of governance, with the Cabinet having collective decision-making powers.

On 23 March 2020, because of the Covid-19 outbreak and considering the Government's guidance on social distancing, all public meetings were cancelled, and the Leader of the Council changed the delegation arrangements to enable him as Leader to make executive decisions rather than collectively by the Cabinet. However, with the use of technology permitting virtual meetings, decisions reverted to being made collectively by cabinet as of 7 May 2020.

Whilst this Annual Governance Statement covers significant governance issues from 1 April 2020 up to the date of approval of the Statement of Accounts, the governance system described throughout is, in the main, that which was in place for most of the 2020/2021 municipal year (namely Leader and Cabinet, with collective decision making).

In 2020 the then Chief Executive and Head of Paid Service announced his departure from the post and an Interim Chief Executive was appointed from 1 August 2020. The Employment Committee was tasked with the recruitment of a permanent Chief Executive and subsequently made a unanimous recommendation to Council that the Interim Chief Executive be appointed permanently. This was agreed by Council in March 2021.

Scope of responsibility

Torbay Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Torbay Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Torbay Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The code is included in the Council's Constitution which is available on the Council's website at

<http://www.torbay.gov.uk/DemocraticServices/ieListMeetings.aspx?CIId=458&info=1>

This statement explains how Torbay Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Torbay Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The Governance Framework

The Constitution

The Constitution sets out the main elements of the governance framework of Torbay Council, in particular how decisions are made and the procedures which are followed to ensure that these are efficient and transparent and that decision makers are accountable to local people.

Torbay Council operates a Leader and Cabinet model of governance. The Leader of the Council and the Cabinet are responsible for major decisions including key policy matters within the framework set by Full Council. These are referred to as "Executive Functions". When major decisions are to be discussed or made, these are published in the Forward Plan in so far as they can be anticipated. The Cabinet collectively takes decisions at meetings of the Cabinet and these meetings will generally be open for the public to attend except where exempt or confidential matters are being discussed.

The Constitution includes Standing Orders, Financial Regulations and the Scheme of Delegated Powers and is available on the Council's website. It is underpinned by Codes of Conduct for Members and Employees and a range of local protocols. The Constitution includes the Council's Code of Corporate Governance.

As the local elections in May 2019 left no party with overall control of the Council, the Liberal Democrat Group and Independent Group have signed a partnership agreement and have joined together to form the administration of the Council.

The Cabinet has to make decisions which are in line with the policies and budget set by Council. If they wish to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide. The Council has an overview and scrutiny process which provides a 'critical friend' challenge to cabinet policy makers and decision making.

The Overview and Scrutiny Board is responsible for the overview and scrutiny function of the Council. In accordance with their work programme, it assists in the development of policy and holds decision makers to account. As per the constitution, any five members of the Council can "call-in" executive decisions to the Overview and Scrutiny Board for further debate. The Audit Committee is responsible for all internal and external audit matters, treasury management as well as monitoring the effective development and operation of Performance and risk management and corporate governance in the Council. It meets a minimum of five times per municipal year.

The Standards Committee's remit includes the conduct of members and investigating complaints in respect of individual members. The Standards Committee promotes and embeds ethical standards for members.

Some regulatory functions remain the responsibility of the Council rather than the Cabinet and most of these are delegated to a small number of committees appointed annually by the Council.

All members are inducted into the importance and processes of good governance and have informal and, if required, formal ways of raising governance issues with the Chief Executive, Monitoring Officer, Chief Finance Officer and the Senior Leadership Team.

As a result of the Covid-19 outbreak, Group Leaders reviewed the approach to the council's public meetings. In light of the Government's guidance on social distancing, from Monday 23 March 2020 all public meetings were cancelled.

As an immediate response, the Leader of the Council changed the delegation arrangements for Cabinet decisions, to single decision making rather than collectively by Cabinet members which enabled decisions to be taken remotely. The Leader of the Council consulted with the Cabinet and Group Leaders remotely, prior to making decisions. Associated officer reports for decisions were published in advance of decisions being made. At that time, any urgent Council decisions that were required, were made by the Chief Executive in consultation with the Leader and Group Leaders.

For other decision-making Committees, in circumstances where decisions could not be delayed, officer delegations applied after consultation with relevant members. However with the use of technology permitting virtual meetings, from the beginning of May 2020 where required, meetings have been arranged virtually and collective responsibility for decisions by Cabinet and Full Council was re-instated.

The Corporate Plan and Decision-making

Included within the Policy Framework is the Council's Community and Corporate Plan, the main strategic document under which all other Policy Framework documents sit. Following the local elections in May 2019, a Community and Corporate Plan "One Torbay: Working for all Torbay" was prepared by the Cabinet, and adopted by the Council, which sets out the ambitions and visions of the Council over four years and the principles within which the Council will operate.

The Delivery Plan associated with the Council's Community and Corporate Plan continues to be monitored alongside the Performance measures and risks as part of the Corporate Performance and Risk Report.

The Council also has a Medium-Term Resource Plan which is reviewed on an on-going basis to take into account new information and changed circumstances. Both of these documents provide a framework for planning and monitoring resource requirements.

The Council's Senior Leadership Team oversee the delivery of the Community and Corporate Plan, ensuring that it is delivered, whilst seeking to maximise efficiencies, income and savings (in accordance with the requirements of the Medium-Term Resource Plan) and create service resilience.

The Cabinet receive reports containing recommendations for decisions made at meetings of the Cabinet. All reports to members include sections on the financial and legal implications and the risks of the proposed decision. Prior to publication, these reports are cleared by the Chief Executive, Chief Finance Officer and the Monitoring Officer or one of their senior staff.

All meetings of the council and its committees are open to the public but a small number of matters are considered in private when the press and public are formally excluded from meetings. It is the Council's objective to keep these private matters to a minimum with only those elements of reports that are considered exempt from publication being included within appendices. This aims to ensure open and transparent decision making is undertaken at all times.

Between 23 March 2020 and 7 May 2020, reports which the Leader of the Council considered ahead of making decisions were published on the Council's website and circulated to all members of the Council. Feedback was encouraged via electronic means before the Leader made his decision. Decisions were then published online (as would normally happen when meetings of the Cabinet were held).

The Member Development Programme provides a structured approach to member development and support them in their roles. In addition to the Personal Development Plans, Members have the opportunity to have a one to one Councillor Development discussion with their Group Leader. The purpose of these reviews is to discuss each member's progress and how they can contribute in meeting the Council's priorities.

Community and Service User Engagement

A Community Engagement and Empowerment Strategy was developed during 2020 and was approved at a meeting of the Council in February 2021. The strategy outlines how the Council intends to meet its mission to be a Council that works in partnership with its residents, communities, and partnerships.

The Strategy is split into 6 key domains that outline how we propose to improve our community engagement and how we want to work alongside and empower the community in Torbay. The domains are:

- Working differently
- Keep you informed
- Ask what you think
- Decide together
- Act together
- Support independent community initiatives

The first domain outlines what our offers are to the community to facilitate this approach and what we ask of the community to support. It provides a narrative to explain the Council's new approach and proposals about how a partnership framework would look in Torbay.

The subsequent domains make clear statements about what our commitments are and what our planned actions are to meet these. Many of these commitments and planned actions were identified at the Community Conference in September 2019.

There are a number of Community Partnerships across Torbay which provide an opportunity for people who live or work in those parts of Torbay to discuss issues of common concern, influence the way in which services are provided and improve their local area. The partnership administration has made clear its wish to strengthen community engagement and empowerment and work is continuing to ensure that the Council can build on the existing arrangements across Torbay.

In developing proposals for service change, consultation with service users and the public is undertaken. In particular, the impact on vulnerable groups and those with characteristics protected under the Equality Act 2012 is assessed and documented in Equality Impact Assessments which are considered by decision-makers prior to decisions being made.

Partnership Working

The Council retains legal responsibilities for the provision of Adult Social Care in accordance with the Care Act 2014, the Mental Capacity Act 2005 and the Mental Health Act 1983, but these are delegated to Torbay and South Devon NHS Foundation Trust, an integrated organisation responsible for providing acute health care services from Torbay Hospital, community health services and adult social care for the people of Torbay and South Devon. The Torbay Adult Social Care Financial Agreement 2020 to 2023 under the powers outlined in S.75 NHS Act 2006 was agreed in March 2020 to continue integrated appropriate and well managed arrangements for Adult Social Care in Torbay.

The Adult Care Strategic Agreement (ACSA) between Torbay Council, Torbay and South Devon NHS Foundation Trust and Devon Clinical Commissioning Group was agreed at a meeting of the Council in September 2020. The ASCA replaced the Annual Strategic agreement and sets out the way in which Torbay Council and Devon Clinical Commissioning

Group (CCG) commission adult social care services from the Torbay and South Devon NHS Foundation Trust until 2023.

The Torbay Voluntary Sector Network has been working closely with Torbay Council, this includes Citizens Advice Bureau, Healthwatch, faith groups, Age UK and Torbay Community Development Trust (TCDT). This group works with Torbay Council in its overall approach to working with the community and voluntary sector by forging new partnerships; whilst finding creative and innovative ways for delivering services that will sustain a thriving voluntary and community sector in Torbay. The development of the community and voluntary sector in Torbay is key to the strategic plans of Torbay Council, South Devon and Torbay Clinical Commissioning Group (CCG) and Torbay & South Devon NHS Foundation Trust.

The Torbay Strategic Partnership (known as Torbay Together) has continued to meet regularly throughout the year and the partnership, which consists of public, private and voluntary sector organisations, has continued to work together to address issues that impact across Torbay. In 20/21 the partnership decided to re-visit the vision it is working towards and the new vision is currently under development so that the partnership's objectives and work programme can be re-focused.

The Health and Wellbeing Board and the Community Safety Partnership known as Safer Communities Torbay, provide forums where multi-agency issues which impact on the Torbay population can be debated. Safeguarding Boards are also in place for both children and adults.

The Council owns (either in its own right or with partners) a number of companies, namely the Torbay Economic Development Company (which has a trading name of TDA), Torbay Education Limited, Careers South West and SWISCo. The Council has representatives on the Boards of these companies together with a number of reserved matters which are set out in the Articles of Association and Memorandum of Understanding.

Our 10-year joint venture TOR2 Ltd contract with Kier Ltd ended in June 2020. From July 2020, a new wholly owned, private limited company SWISCo (South West Integrated Services Company) has delivered the waste and recycling services previously provided by TOR2 Ltd. The company is also the provider for grounds maintenance, street scene services and highways maintenance amongst other key services.

A Shareholder Panel and a Customer Liaison Panel were established in 2020 to ensure governance oversight for the Council and Community feedback of SWISCo.

Performance and monitoring arrangements are in place in respect of service specific partnerships such as the Torbay and South Devon NHS Foundation Trust and the Torbay Coast and Countryside Trust.

The Council is a member of the Heart of the South West Joint Committee (a partnership across all of the local authorities in Devon and Somerset plus the national park authorities, the Local Enterprise Partnership and the Clinical Commissioning Groups) which will be delivering the Productivity Strategy for the region and maximising the opportunities for Government funding in Devon and Somerset. In addition, the Council is working with partners on the Health and Social Care Integrated Care System.

Performance and Risk Management

A new Performance and risk strategy and framework for the organisation was agreed at a Cabinet meeting in December 2020. The Senior Leadership Team is responsible for the implementation and monitoring of the Performance and Risk Framework.

Performance and Risk Dashboards have been developed and are regularly reviewed to ensure they reflect the priorities of the Community and Corporate Plan and show progress against the specific actions within the delivery plans.

A Strategic Risk Register is maintained which identifies strategic risks facing the Authority together with clearly identified measures for mitigation. Directors and Assistant Directors are responsible for managing risk within their Business Units.

The Senior Leadership Team monitor the Council's Performance and risks in formal updates on a quarterly basis. These updates are shared with the Leader and Cabinet at Informal Cabinet meetings and with Audit Committee. Any areas of concern are highlighted and appropriate corrective action is considered, scrutinised and monitored.

Senior Management

The **Head of the Paid Service** is the Chief Executive who is responsible and accountable to the Council for all aspects of operational management. As outlined in the Explanatory Note, during the year a new Chief Executive was appointed following an external recruitment campaign.

The Director of Finance is the **Chief Financial Officer**. He has direct access to all members, the Chief Executive and senior officers of the Council. He works with Directors and Assistant Directors to identify any financial issues which may require management action. Regular discussions were held with the Leader of the Council and the Deputy Leader of the Council who is the Cabinet Member with responsibility for finance. The Chief Financial Officer has responsibility for ensuring the Council operates secure and reliable financial and accounting systems.

Members are briefed on key financial issues with revenue and capital budget monitoring reports being considered by the Overview and Scrutiny Board and the Cabinet on a regular basis. The Council agrees the Treasury Management Strategy on an annual basis on the recommendation of the Audit Committee.

The Head of Legal Services is the Interim **Monitoring Officer**. She is responsible to the Council for ensuring that agreed procedures and protocols are followed and that all applicable Statutes and Regulations are complied with.

Officers in politically restricted posts and those responsible for negotiating contracts are required to register their personal interests.

Training and Information

Corporate training needs are identified through the Senior Leadership Team. The Council has strongly supported staff development, particularly through programmes such as the Institute of Leadership and Management to develop Team Leaders and Managers.

The Corporate Induction module on i-Learn signposts and informs new employees about the range of policies and procedures they need to be aware of, including the Code of Conduct, Information Governance, Acceptable Behaviour, Driver's Policy and Handbook and Whistleblowing Policies. Managers are responsible for local induction arrangements with corporate induction courses being run on a regular basis. The Induction process is currently being redesigned as part of the Whole Council Re-design programme.

i-Learn also houses learning modules which are mandatory for all staff including Equality in the Workplace, Fire safety, First Aid at Work and Display Screen Safety. Wellbeing modules have also been added in 2020.

The Council's intranet contains a range of policies, procedures and guidance for all staff including Information Governance Policies, Code of Conduct, Freedom of Information guidance, Data Protection Policy and the Corporate Plan and Constitution. Human Resources (HR) Policies are available to all staff via the MyView web platform.

The Council has a Counter Fraud and Corruption Policy which is reviewed regularly, has been communicated to all staff and is available on the Council's website.

The Managers Forum meets on a quarterly basis and Senior Managers Forum meets once each month (excepting the months when a Managers Forum is held). These meetings enable all managers to be briefed on current issues, reflect on achievements, and engage in the development of action plans, ensuring that best practice across the Authority is shared and that plans for the future are collectively owned. This information is then passed on to staff through team meetings.

A focussed forum for Managers called the Extended Leadership Team (ELT) has been established, to provide for even greater communication and opportunities for empowerment throughout the organisation.

Internal communication approaches are in place to ensure all staff are aware of issues and new policies and practices. Newsletters are sent to all staff and managers to advise them of relevant information, HR policy, legislation changes and Learning and Development courses that are available. A range of forums are also in place for discussions between the Senior Leadership Team, managers, and all staff to take place.

Updates regarding organisational working practices and service changes during the COVID-19 pandemic were communicated to staff via all staff emails and team meetings. The Chief Executive continued to give regular updates via video and newsletter. During 2020/21 staff were supported through weekly wellbeing emails and signposted to dedicated web pages covering a range of issues affecting staff in and outside of work.

The All Colleagues Briefing is a 2020 addition to our internal engagement approach and happens four times a year. It provides an opportunity for all staff to come together to learn about key issues at the organisation. The 30-minute briefings are open to everyone, and attendance is encouraged. These briefings are led by the Chief Executive, supported by a relevant member of the Senior Leadership Team, and cover key issues for staff.

Ask Us Anything on-line meetings are held in the months where we do not have an All Colleagues Briefing. There are two sessions each month, covering the same topic and 30 members of staff can register their attendance and ask questions of the Senior Leadership Team, on a much more personal level.

There is a positive working relationship with Trades Unions through quarterly formal meetings, and informal meetings with the Head of Paid Service and Head of Human Resources conducting consultation where appropriate.

Customer Feedback, Whistleblowing and Prevention of Fraud

The Council has a customer feedback recording, tracking and reporting system to which all staff have access via the Intranet. The system captures compliments, complaints, queries, enquiries, and Local Government Ombudsman complaints. Letters from Members of Parliament as well as enquiries made through local councillors are also recorded through this system.

The system enables all complaints to be recorded and tracked with root causes identified providing the Council with a useful analysis of why issues are being received. It also enables the tracking of the implementation of recommendations and actions.

The Information Governance Team operates a one stage complaints process which facilitates timeliness of responses, consistency of responses and improved timescales for escalation to the Local Government and Social Care Ombudsman. Reports regarding complaints are provided to the Senior Leadership Team on a regular basis, these reports include the type of complaint, service area, outcomes, and any learning points. This results in further actions being identified and implemented.

The Council's Whistleblowing Policy is available on the Council's website and intranet site. The Council has an established phone line that any whistleblowing call can be made to and which goes directly to Internal Audit which has responsibility for dealing with these issues in the first instance.

The Monitoring Officer, Chief Finance Officer and the Head of Devon Audit Partnership meet on a regular basis to consider and recommend action in connection with current governance issues and other matters of concern regarding ethics and probity. The Chief Executive (as Head of Paid Service) is kept informed of matters.

The Council has a Fraud and Counter Corruption Officer who is accountable to the Head of Finance. The Council's website enables members of the public to report any suspicions of anyone committing fraud or corruption.

Information Management

The Council holds and processes a significant amount of information. It is critical that the information held is of good-quality, accurate and kept up-to-date to inform decision making. Equally important is the requirement to process personal and sensitive information in accordance with the data protection legislation. To support this, there is an Information Governance Steering Group, which consists of the Head of Information Governance (who is also the Council's Data Protection Officer), the Senior Information Risk Owner (SIRO) and the Council's Caldicott Guardian. This Group reviews the Council's approach to information management, information security and sharing. This group also oversees the Information Governance action plan and related Performance as well as approving related policies. There is an Information Governance Framework in place under which there are several operational policies and procedures including a suite of information security policies. These policies are subject to regular review and updates are communicated to all staff.

The Council's Information Governance Team are responsible for monitoring and reviewing compliance to data protection legislation across the Council. Part of this work is reviewing the Information Asset Register which specifies the information assets held across all Council departments and allows the Council to understand the risks associated with different information assets.

In 2020, the Council was audited by the Information Commissioner's Office (ICO) and covered the areas of Governance and Accountability, Information Security and Freedom of Information. Across all three areas the Council was given a 'reasonable' level of assurance by the ICO supported by an Action Plan which is currently being delivered.

Internal Audit

The internal audit service is provided by Devon Audit Partnership (DAP). This is a shared service arrangement originally formed by Torbay, Devon County and Plymouth City Councils but has been subsequently expanded to include several district councils. It is constituted under section 20 of the Local Government Act 2000. Devon Audit Partnership undertakes the role of auditing the Council's systems to give assurance to the organisation.

The Council's Internal Audit Plan, which is risk based, is agreed annually by the Director of Finance, Senior Leadership Team and the Council's Audit Committee. This provides the basis for the review of internal control and governance within the Council and includes the following:

-

- Annual reviews of the Council's key financial systems by Internal Audit against known and evolving risks.
- Reviews of internal controls in operation within each service area against known and evolving risks based on a detailed risk assessment. These reviews consider the strategic and operational risks identified in the Corporate Risk Register, as well as materiality, sensitivity and previous audit and inspection findings.

- Work in relation to the investigation of any potential irregularities identified either from audit work or through the Council's whistle-blowing policy.
- Advice and support to ensure future safeguards when implementing new systems.
- Value for money work in relation to assessing the efficiency, economy and effectiveness of the Council's operations and recommending improvements as necessary.

Internal Audit is governed by Public Sector Internal Audit Standards. In April 2020 the Chartered Institute for Public Finance and Accountancy (CIPFA) Special Interest Group (SIG) for Internal Audit, considered and proposed a common practice of using four standard internal audit assurance opinions, which DAP has adopted. These are:

- Substantial Assurance
- Reasonable Assurance
- Limited Assurance
- No Assurance

This replaces the previous High Standard, Good Standard, Improvements Required and Fundamental Weaknesses ratings used on each audit assignment in previous years. The Council also receives assurance from the NHS Internal Audit Consortium (ASW Assurance) over the controls in operation at Torbay and South Devon NHS Foundation Trust which covers the provision of adult social care services.

Achievement against the Audit Plan is reported to the Audit Committee on a twice-yearly basis. This report also includes an opinion and assurance about the system of internal control throughout the Council.

Regular meetings are held between the Chief Finance Officer and a representative of the Devon Audit Partnership to discuss specific issues that have arisen.

Review of Effectiveness

Torbay Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of the Devon Audit Partnership's annual report, and by comments made by the External Auditors and other review agencies and inspectorates. This review is demonstrated through the Annual Governance Statement.

As in previous years, Devon Audit Partnership undertook certain assurance work on behalf of the Council and to give assurance to the external auditors as part their audit opinion. The effectiveness of the governance framework has been evaluated over the course of the year against the seven core principles within Torbay Council's Code of Corporate Governance. Details of the evaluation is included in the sections which follow. Whilst some governance issues have been identified (and are detailed below), the Council believes that its arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area

The Council's Community and Corporate Plan "One Torbay: Working for all Torbay" was adopted in February 2020. The associated Delivery Plan which sets out the specific actions which will be undertaken to deliver against the Community and Corporate Plan was agreed by Cabinet in June 2020. Progress against the plan is monitored in quarterly Performance and Risk reports which include updates on each action and identification of the priorities for the coming months.

For the 2021/2022 municipal year, work has taken place to develop a Council Business Plan which will act as the delivery plan for the Community and Corporate Plan. Whilst work

continues to embed the values and principles within the Community and Corporate Plan across the organisation, there will be a greater focus on this over the coming year with the appointment of an Internal Engagement Officer working within the Policy, Performance and Community Engagement Team.

The Council has established a Strategic Housing Board with an independent Chairman to drive the delivery of its Housing Strategy.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council's Constitution has been continually reviewed throughout the year by the Monitoring Officer, Chief Financial Officer and Head of Governance Support in consultation with the Leader of the Council and Group Leaders whereby improvements and changes to the constitution were made and agreed.

A full Member Induction Programme was put in place immediately post the Local Elections in May 2019. Over the course of the second year of their term of office, the Member Development Programme continued to build members' focus on the strategic issues. It is recognised that further member training is required in relation to the functions of the Audit Committee and the Planning Committee, and this will be included within the Member Development Programme for 2021/2022.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Standards Committee met as required during 2020/2021. The Interim Monitoring Officer meets as needed with the **Independent Person** (appointed to assist the Standards Committee in the Member Complaint Process) to hear their views and opinions on any relevant matters relating to Members' conduct. The Interim Monitoring Officer had received complaints which were dealt with in accordance with the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct and were not progressed to the Standards Committee.

The Standards Committee also reviewed the Members Code of Conduct following the release of the Local Government Association Model Code of Conduct. A revised Members Code of Conduct was approved by Council at their meeting in February 2021.

The Council's Code of Conduct, Whistleblowing and Acceptable Behaviour policies are available for all staff on MyView. They are also referred to within employees' terms and conditions of employment and are binding upon employees during the course of their employment with the Council. Reminders are sent out to staff via newsletters and internal communications. The Council's induction programme also signposts to the above policies for new starters.

New Customer Service Standards were developed in 2020 and came into effect from April 2021. These standards have been put in place to ensure that our employees have clear guidelines in terms of what is expected of them when working with our customers. Ultimately, we are a Council which is providing high quality services in a friendly, efficient and helpful way. We should continually strive to improve services by ensuring good communication and a positive attitude towards our customers.

Business ethics, values and culture are an important part of improving an organisation's governance process and we continue to place great importance on this.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Meetings of the Cabinet are well-established, enabling reports to be presented and considered ahead of decisions being made collectively in the public domain.

At the start of the Covid-19 pandemic, the Cabinet Office issued guidance in relation to procurement which the Council adopted. At the same time the Scheme of Delegation was amended to ensure that decisions relating to the Council's response to the pandemic could be made as efficiently as possible. Whilst this could have opened the Council to an increased level of risk, the prevailing corporate governance mechanisms ensure that these were mitigated as far as possible.

The level of delegation to officers in relation to planning decisions was also increased at the start of the pandemic and later, as the Planning Committee began meeting virtually, no committee site visits could be undertaken. As restrictions are relaxed, it is expected that the former arrangements associated with the Planning Committee will be put back into place.

The Overview and Scrutiny Board has met throughout the year to hold the Leader and Cabinet to account, and the Audit Committee has also met regularly. This aims to provide assurance within the decision-making process.

The Overview and Scrutiny Board has undertaken a range of work from reviewing draft Policy Framework documents to matters arising from budget monitoring reports. Over the course of the municipal year 2020/21 the Board have considered two call-ins. A subcommittee of the Overview and Scrutiny Board was established this year to provide dedicated focus upon Children's Services.

The Audit Committee has received the Internal Audit Plan together with updates on the progress against the Plan. The Committee has received the Council's Statement of Accounts and Treasury Management Strategy.

A new Performance and Risk Strategy and Framework was agreed by Cabinet in December 2020 and has since been implemented to reflect the priorities of the Community and Corporate Plan "One Torbay: Working for all Torbay". Performance and Risk Dashboards have been developed to measure and report on the specific actions within the "One Torbay: Working for all Torbay" Delivery Plan and ensure current strategic are identified, mitigated, and monitored.

The Council's Information Asset Register is subject to regular review as part of the Council's GDPR project plan, this allows the Council to understand the information being processed across all departments, the lawful basis for processing and the security measures associated with the information asset.

Decisions made by the Cabinet in relation to the Council's Investment and Regeneration Portfolio are in accordance with the Investment and Regeneration Fund Strategy. This Strategy sets out how the Council aims to improve its financial resilience through the purchase of a balance portfolio of investments which appropriately spreads the Council's risk, as well as supporting the Economic Strategy by delivering economic growth, tackling inequality, and creating change in the area that benefits everyone. The Strategy also sets the framework to ensure that appropriate due diligence is undertaken during the decision-making process in relation to the Council's investments.

The Council has also established an Economic Growth Fund to help further deliver economic growth within Torbay. Applications for money from this Fund are determined in accordance with the Economic Growth Fund Criteria approved by the Cabinet, which is like the investment criteria but allows more flexibility in terms of income generated, as its main role it to enable growth and create jobs in Torbay. Such investments are also subject to appropriate due diligence.

Developing the capacity and capability of members and officers to be effective

The Senior Leadership Team has kept the operation of its meetings under review over the course of the year to increase their capacity to focus on those issues of strategic importance.

The Members' Development Programme continues to be delivered including training on Licensing, Energy Efficiency and Climate Change, Corporate Parenting, and the Co-operative Councils Innovation Network. Communication with councillors was supplemented by Councillor Conversations which take place to provide an informal opportunity to discuss forthcoming issues. Councillors learning and development is also supported with external training opportunities available from The Local Government Association, The Devon Shared Service and Peers from other authorities.

Key messages and information are communicated from the Senior Leadership Team directly to all managers at monthly Senior Managers Forums and quarterly Managers Forums. This is then fed back in team meetings with an emphasis on the cascade of information to front line staff.

Several staff volunteers from different areas across the Council have been recruited to become Wellbeing Supporters. They are a confidential point of contact for employees experiencing emotional distress or a mental health issue. This interaction could range from having an initial conversation to supporting and signposting the person to get appropriate help. Volunteers attended 'Connect 5' training to provide them with the right tools and knowledge to carry out their roles.

Induction events are periodically held for all new starters. These events form part of the formal induction programme and aim to; welcome new employees to the council, give new employees important information, enable a networking opportunity and enable new employees to meet the Chief Executive and/or member of the Senior Leadership Team and ask questions.

Engaging with local people and other stakeholders to ensure robust public accountability

Consultation and service user engagement has continued to take place in relation to service change. This work has included consultation on the proposals for budget savings and income generation.

There continues to be good engagement from partners within the Torbay Together Partnership and an independent Chairman continues to lead the partnership. In re-evaluating the vision for Torbay in 20/21 the partnership has engaged with the local community via a number of town-based workshops and an online questionnaire. They have continued to meet virtually throughout the pandemic and are more determined than ever to work together for the benefit of Torbay.

The second Torbay Community conference was held virtually in September 2020. It was designed to build on the work established at the initial 2019 Community Conference. Torbay Council continues to be committed to developing a more engaged relationship with individuals and communities across the Bay. The report from the initial Conference included recommendations for cultural and organisational changes which have contributed to the current Council Redesign programme.

Six key messages emerged from conference discussions:

1. There are real positives and achievements to be celebrated across Torbay and we should maintain a focus on these and build from them.
2. Similar themes from last year's conference were identified especially about trust, working with communities and improved communication from the Council. Progress has been made in terms of collaborative approaches and partnership working but it is still early days and we need to continue to build and work on this.
3. There is no 'one size fits all' to how people want and can engage with us - we need to continue using a broad range of activities and approaches to engagement and working with the community.
4. We still need to think more creatively about reaching people we don't normally get to engage with us.
5. Partnership and collaboration is working – with many examples from the local pandemic response and successful community projects. Community groups are well

placed to provide the support that the community needs - especially when supported and trusted by the Council.

6. We should continue to utilise online forums and technology to engage with people especially whilst social distancing is required. However, we must ensure more face to face opportunities are included as restrictions reduce.

7. The feedback from the Conference and this report needs to be reviewed, integrated, and inform the ongoing transformation work within the Council.

A Community Engagement and Empowerment Strategy has been developed following feedback from the first Community Conference and to deliver the Council's determination to engage with communities more effectively. The Strategy sets out the plan to address some of the key themes emerging from the Conference and clear statements about the Council's offers, commitments, and actions, working with the community to build more positive and trusted relationships. It also outlined how the Council intended to meet its mission to be a Council that works in partnership with its residents, communities and partnerships based around six key elements. This strategy was approved at a council meeting in February 2021. The Annual Report of the Overview and Scrutiny Board has been published and considered by the Council at its annual meeting.

The Statement of Accounts provides a Narrative Report which explains the Council's achievements against the Corporate Plan over the past year alongside the Council's financial Performance.

During 2020/21 a series of Facebook Live and Ask us events were held on social media. Members of the public could hear from a panel of leading Members and senior officers and ask them questions. Each event was focussed on a subject such as the budget or COVID-19.

Securing continuous improvement in service delivery and ensuring that its agreed policies, priorities and decisions are implemented on time, in a manner consistent with the needs of its user and in the most effective way

The new Performance and Risk Strategy and Framework was agreed by Cabinet in December 2020 and is in the process of being implemented to reflect the priorities of the Community and Corporate Plan. Performance and Risk Dashboards have been developed to measure and report on the specific actions within the "One Torbay: Working for all Torbay" Delivery Plan.

Corporate Performance and risk reports are reviewed quarterly by the Senior Leadership Team, Leader of the Council and Cabinet, Group Leaders and the Audit Committee. This enables any areas of concern to be highlighted and recovery plans to be prepared, scrutinised, and monitored. The Audit Committee refer matters by exception to the Overview and Scrutiny Board if it is felt that further investigation is required.

Arising from its regular review of performance and risk, the Audit Committee have identified the timeliness of responses to Freedom of Information enquiries and Subject Access Requests as a matter of concern and work continues to improve this. The Committee has also highlighted the ongoing risk to the Council around its lack of a five-year land supply.

Development work has commenced on a tracking system to address actions in areas identified by Internal Audit as requiring improvement. Officers are working alongside Internal Audit to finalise the process and ensure these actions can be monitored by SLT.

It is recognised that there remain outstanding issues following the Internal Audit of Section 106 Agreements in November 2019 and work continues to deliver the associated action plan.

Ofsted re-inspected our children's social care services in June and July 2018 and concluded that overall they remained inadequate. Ofsted carried out a focused visit in March 2021 with the subsequent report recognising the continued progress that has been made in improving

services for children in Torbay during the unprecedented challenges we have all faced in the last 12 months. The Council acknowledges that its improvement journey is ongoing and is committed to continue to build on the foundations that have been laid.

Based on work performed during 2020/21, Internal Audit's experience from previous years, and the outcome of the Annual Follow Up exercise, the Draft Annual Audit Report for 2020/2021 set out that the Head of Internal Audit's opinion was one of "Reasonable Assurance" on the adequacy and effectiveness of much of the Authority's internal control framework. The exception to this is Children's Services Directorate (excluding Education where the opinion is Reasonable Assurance), although Internal Audit acknowledge a positive direction of travel as supported by external assessment from statutory bodies, which notes significant improvement in Children's Services.

The Authority's internal audit plan for 2020/21 included specific assurance, risk, governance, and value-added reviews which, together with prior years audit work, provide a framework and background within which Internal Audit can assess the Authority's control environment. The audit plan has been significantly revised on the instruction of the S151 Officer in order that Internal Audit could operationally support Torbay Council's Covid-19 response and undertake other requested work.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Significant governance issues

In their Draft Annual Report, Internal Audit identified that the Council's overall internal control framework is considered to have operated effectively during the year. Where internal audit work has highlighted instances of non or part compliance, none are understood to have had a material impact on the Authority's affairs. However, the opinion provided must be considered in the current and (at time of writing) ongoing coronavirus pandemic, and the impact of this on the Council. Opinion is based on internal audit work undertaken during 2020/21, as part of a revised plan. Covid-19 measures have resulted in a significant level of challenge to the Council and put pressure on the expected control environment; the need for prompt and urgent action by officers has required changes to some procedures and control arrangements. In respect of the draft annual report, it has not been possible to fully quantify the additional risk that may have arisen from such emergency and associated measures or fully determine the overall impact on the framework of governance, risk management and control.

The arrangements for holding meetings virtually continued throughout 2020/21 in line with regulations introduced by the Ministry of Housing, Communities and Local Government (MHCLG) at the start of the pandemic, however from 7 May 2021 it is not lawful for virtual meetings to continue. Arrangements are now in place to resume physical meetings. The ongoing financial impact of COVID-19 will have a significant impact on the 2021/22 budget. The impact on the Council's income, expenditure and funding is outlined in the Medium-Term Resource Plan and the 2021/22 budget proposals. Clearly the financial impact on 2021/22 and future years can only be an estimate and officers will continue to update estimates and will continue to aim to mitigate as far as possible any financial impacts.

In their August 2020 report Internal Audit gave an opinion of reasonable Assurance on Key Financial Systems – ICT Business Continuity and Disaster Recovery 2019-20 and 2020-21. Areas for concern related to the single data centre, the approach to business continuity, planning between departments which could be mitigated by the IT Services Business Continuity Plan. Audit also highlighted that change control would benefit from further strengthening and that there is a need for a change governance structure. Audit found that generally, systems were well managed, and some policy and procedural documents are in place. Processes supporting key financial systems were well operated and managed, especially given historic resource issues and more recently the impact of Covid-19. The fast

and effective response by IT Services enabled continued service provision. It is noted that there has been recent investment in IT Services, although the benefits have been diluted by the necessary Covid-19 ICT response.

Audit's November 2019 report found that Tor Bay Harbour Authority was compliant with the Port Marine Safety Code (PMSC) however there were concerns in relation to land-based Health and Safety (H&S). These concerns were referenced again in Audit's follow up report in November 2020 in which recommendations were made that land-based H&S be formally reviewed by an appropriate body and an action plan drawn up. These actions have been undertaken and the Council continues to ensure a significant focus on health and safety in the harbours as our area of biggest risk.

As outlined in an earlier section, the Council continues to deliver against its Children's Services Improvement Plan. Whilst Ofsted have recognised, during their focused visit in March 2021, that there has been continued progress in improving services for children in Torbay, it is acknowledged that the improvement journey is ongoing.

In addition to the above, there were several reviews undertaken by internal audit during the course of the year which found that improvements were required. In most cases management actions plans have been put in place and these will be monitored on a regular basis through the Performance and Risk Framework.


Conclusion

Overall, during the year we have ensured that we are delivering against our agreed action plans to maintain our robust corporate governance arrangements. Our decision-making processes are understood by members and officers and the mechanisms which support those processes operate effectively.

We have recognised where there are areas for further improvement as outlined within this Statement. We propose, over the coming year, to take the steps detailed in the action plan below to address these areas to further enhance our governance arrangements. We are satisfied that these steps will address the issues identified and we will monitor their implementation and operation as part of our next annual review.



Anne-Marie Bond
Chief Executive



Councillor Steve Darling
Leader of the Council

Dated: 03 April 2023

| Action | Responsible Officer | Deadline |
|--|---|------------------------------|
| Review of lessons to be learned from Torbay Council's COVID-19 response | Senior Leadership Team | Ongoing and by 31 March 2022 |
| Continue to deliver the Children's Services Ofsted Improvement Plan | Director of Children's Services | Ongoing |
| Deliver against the Council's Business Plan | Senior Leadership Team | 31 March 2022 |
| Implement and monitor the Performance and Risk Framework | Senior Leadership Team | 31 March 2022 |
| Include training in relation to the functions of the Audit Committee and the Planning Committee within the Member Development Programme for 2021/2022. | Head of Governance Support | 31 March 2022 |
| Ensure a focus on embedding the values and principles of the Community and Corporate Plan across the Council. | Head of Policy, Performance and Community Engagement | 31 March 2022 |
| Deliver the Action Plan in response to the Internal Audit of Section 106 Agreements. | Director of Place | 31 March 2022 |
| Ensure an immediate and on-going focus in achieving the best possible land supply | Assistant Director – Planning, Housing, and Climate Emergency | Ongoing |

GLOSSARY

A

Academy Schools – These are independent schools funded from the Department of Education.

Accumulating Compensated Absences Adjustment Account - The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Actuarial Remeasurements – For a defined pension scheme, the changes in actuarial deficits or surpluses that arise because events have not matched previous assumptions and/or actuarial assumptions have changed.

Agency – Under an agency arrangement the Council acts on behalf of other bodies, so in effect any monies that flow through the Council's accounts under that arrangement are not the Council's asset or liability.

Amortisation - a term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the Council (similar to the depreciation charge for tangible fixed assets).

Amortised Cost – the fair value of a financial instrument valued using the effective interest rate inherent in the contract.

Asset categories & their definitions:

Property, Plant & Equipment category on the balance sheet is comprised of a number of subcategories:

Vehicles, Plant & Equipment – Assets used for operational purposes

Community Assets - assets which the Council intends to hold in perpetuity, which may have an indeterminate life and may have restrictions on disposal.

Surplus Assets – assets which are surplus to service needs but do not meet the criteria to be classified as Assets Held for Sale.

Infrastructure Assets – assets which form the underlying framework of the physical environment and by their nature cannot be sold. They include coastal defence and drainage systems and transport infrastructure assets. Transport infrastructure assets form the underlying transport framework of the physical environment and by their nature cannot be sold. They include highways, footways, and associated assets.

Assets under construction (Work in Progress) - where capital projects are incomplete and the assets under construction are not yet operational at the year end.

Other Land and Buildings – Assets used for operational purposes, including any operational heritage assets.

Assets Held For Sale – a category of property where the property is expected to be sold and is to be actively marketed so is classified as a current asset rather than a non-current asset.

Assets Under Construction – expenditure incurred to date on an asset that is being constructed and at balance sheet date is not operational.

Authorised for Issue Date – The date up to which the Council will have included latest information of financial transactions that would have a significant impact on both the Accounts for the year or on the readers understanding of the Council's financial position.

Available-for-sale assets - (i.e., investments and cash equivalents) - assets that have a quoted market price and/or do not have fixed or determinable payments.

B

BEIS – Department for Business, Energy, and Industrial Strategy. The central government department that funded the COVID Business Grant schemes.

Borrowing - Councils borrow to fund Capital expenditure or for temporary cash flow requirements. Most of the Council borrowing will be from Central Government by means of the Public Works Loans Board. Councils are free to use other borrowing options provided they are within the Council's treasury management arrangements.

C

Capital Expenditure - payments made for the acquisition, provision or improvement of assets, which will be of a long-term value to the Council, e.g., land and buildings.

Capital Adjustment Account - The Capital Adjustment Account represents the capital funding used to finance capital investment immediately from capital receipts and directly from revenue. It also contains amounts which in the past were required by statute to be set aside from capital receipts for the repayment of external loans. The Account is also used to compensate the General Fund Revenue Account for any excess of charges paid in respect of depreciation of assets over the statutory Minimum Revenue Provision that Council Taxpayers are required to bear. The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and accumulated losses on Assets held for Sale that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on non-current assets before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Financing Requirement - The Capital Financing Requirement shows the underlying need to borrow because of capital investment offset by any resources set aside in the year. The CFR was introduced from 1 April 2004 by the Prudential Code for Capital Finance and reflects the movement in the Balance Sheet Accounts for Fixed Assets, Capital Financing Account, Government Grants Deferred and the Fixed Asset Restatement Account.

Capital Grants and Contributions Unapplied Reserve - This reserve holds the balance of any capital grants and contributions at the end of each financial year that have been received and recognised as income in the Comprehensive Income and Expenditure Account but not yet applied to finance capital expenditure.

Capital Receipts - money received from the sale of assets or the repayment of grants and loans which is available for financing future capital expenditure.

Capital Receipts Reserve - This reserve holds the balance of any capital receipts at the end of each financial year that have been received and recognised as income in the Comprehensive Income and Expenditure Account but not yet applied to finance capital expenditure.

Cash & Cash Equivalents – cash, bank balances and short-term investments that are held for the primary purpose of short-term cash flow purposes and not for investment purposes.

CCG - The NHS Torbay and South Devon Clinical Commissioning Group. The NHS body responsible for the commissioning of health services in Torbay.

CIPFA – The Chartered Institute of Public Finance and Accountancy – the accounting institute that helps regulate and support accountants in the public sector.

CCLA – Churches, Charities and Local Authorities. A property fund used for some of the Council's cash investments

Code – The CIPFA Accounting Code of Practice – the guidance for Council's in producing their IFRS compliant accounts.

Collection Fund Adjustment Account - The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Contingent asset - arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liability - arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council

Corporate and Democratic Core – All activities which the Council engage in specifically because they are elected, multi-purpose authorities.

Current – a term applied to different categories of assets and liabilities to reflect that the asset or liability will be used or incurred within twelve months.

Current Service Costs (pension) – The increase in the present value of a defined benefit pension scheme's costs due to the employee service in the current period.

Current Value – The value that the majority of fixed assets are held at in the Council's balance sheet. This value reflects the most recent valuation of that asset or pending a valuation the current value is increased by capital expenditure on that asset.

Curtailement – For a defined benefit pension scheme, an event that reduces the expected years of future service of employees.

Creditors - amounts owed by the Council for work done, goods received or services rendered but for which payment had not been made by the end of the year.

D

DfE – the Department of Education, the central government department responsible for a number of service including schools.

Debtors - sums of money due to the Council but unpaid at the end of the year.

Dedicated Schools Grant Adjustment Account – a unusable reserve for the accumulated deficits within the ring-fenced Dedicated Schools Grant primarily from overspends in the Higher Needs Block of the grant that is used to support the education of pupils with Education, Health and Care Plans.

Deferred Capital Receipts Reserve – reserve to reflect the value of future capital receipts for assets treated as disposal but with an ongoing rental stream from a long-term lease.

Defined contribution / defined benefit schemes (Pension costs) – There is an important distinction between defined contribution and defined benefit schemes in terms of pension accounting.

Defined contribution:

- employer pays fixed amounts into the scheme and has no obligation to pay further amounts if the scheme does not have sufficient assets to pay employee benefits
- accounted for by charging employer contributions to revenue as they become payable

Defined benefit:

- retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits
- accounted for by recognising liabilities as benefits are earned (i.e. employees work qualifying years of service), matching them with the organisations attributable share of the scheme's investments

Depreciation - Amounts set aside from the revenue account which represents the wearing out, consumption or loss of value of a fixed asset spread over the useful life of the asset.

Discount Rate – A high quality corporate bond rate (usually AA) that the pension actuary uses to estimate the value of the pension liability

DWP – the Department of Work and Pensions – a central government department that deals primarily with welfare benefits.

E

ESFA - Education and Schools Funding Authority – a central government body that is responsible for the majority of schools funding.

EFW – Energy From Waste facility, opened in April 2015 in Plymouth that disposes of Torbay's domestic waste

EMMF – Enhanced Money Market Fund, a pooled fund used for Council cash investments where the net asset value can vary.

Exceptional Items – Events or transactions that fall within the ordinary activities of the Council and need to be disclosed separately due to their size to give fair presentation of the accounts.

Expected Losses – a model for assessing the value of the impairment of assets using a forward look rather than relying on evidence that impairment has taken place

Expected Rate of Return on Pension Assets – The average rate of return, including income but net of scheme expenses, expected over the remaining life of the pension.

Extraordinary Items – Abnormal material items are those which fall outside the ordinary activities of the Council and which are not expected to recur.

E

Fair Value – the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

Fair Value through Profit and Loss – A classification of a type of financial asset. The Council's fund manager holding has been designated into this category as this holding meets the definition of this type of financial instrument – I.e., the holding is part of a portfolio of investments managed as a whole.

Financial Guarantee – a liability recognised to reflect any legal agreements with a third party that may incur a cost to the council if the future if that third party is unable to meet a specified future cost if it occurs.

Finance Lease – A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally ninety per cent or more) of the fair value of the leased asset. The present value is calculated by using the interest rate implicit in the lease.

Financial Instrument – a general term relating to several contractual arrangements, such as investments, borrowing, debtors and creditors, that a Council may incur. Based on this classification there are several additional accounting requirements relating to the fair value of an arrangement which may be different to the contractual amount due to an assessment of risk or value.

Financial Instruments Adjustment Account - The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments such as the CCLA Property Fund per statutory provisions. Also known as the pooled investment fund adjustment reserve.

Funded Pension Liabilities – These are liabilities relating to pensions due in the future to members of a pension fund based on the “standard” entitlements within the scheme.

G

Grants – Receipts in Advance – a grant from central government or other body that has conditions that will require repayment of the grant if not complied with. These grants are not recognised as income until the conditions are met.

H

Heritage Assets - Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, civic regalia, museum and gallery collections and works of art.

Historical Cost – the historical or original cost of a fixed asset can be increased by further capital expenditure on that asset.

I

ICO - Integrated Care organisation - The "descriptive" name for the Torbay and South Devon NHS Foundation Trust as the provider of health and adult social care service to both Torbay Council and the Clinical Commissioning Group.

Impairment – A reduction in the value of a fixed asset, below its balance sheet value.

Insurance Contracts – a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Council's pension guarantees are within this classification.

Intangible Assets – (notably software) are recognised on the Balance Sheet at their cost of acquisition or development but only revalued in restricted circumstances.

Interest Costs for Pensions (net) – The expected increase in value for a defined benefit scheme, as it draws closer to settlement.

Investment Properties – land and buildings held only for the income stream or for capital appreciation.

IFRS – International Financial Reporting Standards. These are the financial "rules" that Council accounts will have to comply with. These rules should be consistently applied throughout all bodies throughout the world.

J

Joint Committee – a formal committee of local authorities established under the provisions of Local Government Act 1972 usually for the management of a shared service.

Joint Operation - An arrangement under which participants engage in joint activities with joint control but do not create a legal entity

Joint Venture - An arrangement under which the participants engage in joint activities with joint control by means of a separate vehicle/entity.

L

LEP – Heart of the South West Local Enterprise Partnership. A regional body covering the geographical area of Devon and Cornwall focussing on business and transport activity.

Liquid Resources – Current asset investments that are readily disposable by the Council without disrupting its business.

Loans and receivables (i.e., investments and loans) - assets that have fixed or determinable payments but are not quoted in an active market

LOBO – A "Lender Option, Borrowing Option" loan. Such a loan has a set rate for a defined period, after which point, the lender has the option of changing the rate. If that option is actioned the borrower then has the option to either accept the new rate or repay the loan.

M

MHCLG – the Ministry of Housing, Communities and Local Government, the central government department responsible for local government.

Modified form of historical cost – opening balances for infrastructure assets were originally recorded

in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost

MRP - Minimum Revenue Provision - The minimum amount which must be charged to a Council's revenue account each year and set aside as provision for repayment of debt, as required by the Local Government Act 2003. For assets funded from unsupported borrowing this must be a "prudent" amount.

N

Net Book Value – The amount at which fixed assets are included in the balance sheet.

Net Debt – The Council's borrowings less cash investments.

New Homes Bonus Grant – A general grant that is linked to the growth in the number of properties available for occupation either from a new home or an empty home brought back into use.

NNDR – National Non-Domestic Rates, a national tax collected on a local level formally known as business rates.

NNDR Retention Scheme - This method of funding Council's moves Councils away from central government funding based on a service "needs" basis to one linked more to economic growth

Non Current Assets – assets, primarily land and buildings that have an asset life of over one year and are not used for trading purposes.

Non Distributed Cost – a category within the Council's cost of services that represents past service costs (see below) and other costs that have not been attributed to specific services.

O

Operating Lease – An operating lease is a lease other than a finance lease (please see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding undischarged obligations in relation to such leases.

P

Past Service Cost – The increase in the present value of a defined benefit pension scheme, as a result of improvements to, retirement benefits.

Pensions Reserve - (Funded and Unfunded Liabilities) - The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside, (usually by means of adjusting contribution rates); by the time the benefits come to be paid.

PFI - Private Finance Initiative – A method of using private investment to fund public sector schemes often supported by central government. The private sector typically builds an asset such as a school

and then charges the Council over a period of typically 25 years to use and pay for the asset.

Pooled Investment Fund Adjustment Account - absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments such as the CCLA Property Fund per statutory provisions. Also known as the Financial Instrument Adjustment Account.

Post Balance Sheet Events – Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed.

Prior Period Adjustments – Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements.

Precept - A levy made by one statutory body on another to meet the net cost of its services.

Precepting Body – the statutory body that makes a “precept” on a Council that is responsible for collecting Council Tax in an area. Town and parish Councils are classified as a Minor Precepting body which means they precept their tax requirement on the Council who then include that amount in their precept.

Projected unit method (Pensions costs) – an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Property, Plant & Equipment – a category of non current assets that show the carrying value of the Council's operational assets.

Provisions - amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g., bad debts.

Prudential Code – The CIPFA Prudential Code for Capital Finance in Local Authorities which is the guidance applicable from April 2004 for the greater freedom for Councils to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Council to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and establish its policy for using the new freedoms.

Prudential Borrowing – see Unsupported Borrowing

PWLB – see Borrowing

R

Related Party Transaction – Is the transfer of assets or liabilities, or the provision of services to or for a related party, irrespective of whether a charge is made.

REFCUS – Revenue Expenditure Funded from Capital Under Statute. This represents expenditure that qualifies as capital for the purposes of government controls, but does not result in the acquisition, creation or enhancement of a tangible fixed asset. As a result the expenditure in this category and related grants or contributions are reported as revenue income and expenditure.

Retirement Benefits – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Reserves – are available for meeting general and future expenditure, for example, capital expenditure on new projects or unforeseen occurrences. Reserves may also be used to smooth the cost of certain activities over several years, e.g., crematoria replacement.

Revaluation Reserve – The Revaluation Reserve contains the net gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Intangible Assets and the “frozen” revaluation gains in assets now classified as Investment Properties or as Assets Held for Sale. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date were consolidated into the balance on the Capital Adjustment Account.

Revenue Contribution to Capital Outlay - the financing of capital expenditure, directly funded from revenue or reserves, rather than from borrowing or other sources.

Revenue Expenditure - expenditure on day-to-day expenses consisting mainly of employee costs, the running expenses of buildings and equipment and capital financing costs.

Revenue Support Grant – a General Government Grant funded from national taxation to support the Council’s net expenditure.

RICC – Riviera International Conference Centre, a facility owned by the Council.

S

S31 Grant – a grant awarded by central government to councils where the legal basis for the grant is section 31 of the Local Government Act 2003.

Scheme Liabilities – Money due on a defined benefit scheme due after the valuation date.

Supported Borrowing – the amount of historic Council borrowing towards which the Government provided financial support through the annual Revenue Support Grant although this now significantly reduced by the ongoing austerity funding reductions

SWISCo – South West Integrated Services Company. A subsidiary of Torbay Council.

T

Torbay Economic Development Company Ltd - a 100% owned subsidiary of the Council.

TDA – The trading name for the Torbay Economic Development Company Ltd, a 100% owned subsidiary of the Council.

TDA Group – The trading name for the Torbay Economic Development Company Ltd group of companies including Torvista Homes.

Total Cost – the actual cost of services reflects all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

U

Unfunded Pension Liabilities – these are pension costs arising from additional service awarded by a Council on a discretionary basis.

Unsupported (or Prudential) Borrowing – any borrowing the Council undertakes that is above and beyond the level of Supported Borrowing which the Government helps to fund and which therefore the Council has to fund completely from its own resources.

Usable Reserves – a heading that reflects the Council's reserves that can be used for supporting service delivery, including capital expenditure, in the future.

Unusable Reserves – a heading that reflects the Council's reserves that cannot be used for supporting services. These tend to be the result of notional accounting entries such as those that reflect previous capital financing, asset revaluations and the pension reserve.

V

VRP – Voluntary Revenue Provision – An additional sum that a Council can make to be set aside as provision for the future repayment of debt.