

Monday, 19 May 2025

AUDIT COMMITTEE

A meeting of **Audit Committee** will be held on

Wednesday, 28 May 2025

commencing at **2.00 pm**

The meeting will be held in the Banking Hall, Castle Circus entrance on the left corner of the Town Hall, Castle Circus, Torquay, TQ1 3DR

Members of the Committee

Councillor Penny (Chairman)

Councillor Brook (Vice-Chair)

Councillor Long

Councillor Fellows

Councillor Maddison

Councillor Hutchings

Hawkes

Independent Person Mr Kristian Hawkes

A Healthy, Happy and Prosperous Torbay

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Governance Support, Town Hall, Castle Circus, Torquay, TQ1 3DR

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

AUDIT COMMITTEE AGENDA

1. **Apologies**
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
2. **Minutes** (Pages 5 - 8)
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 26 March 2025.
3. **Declarations of interests**
 - (a) To receive declarations of non pecuniary interests in respect of items on this agenda
For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
 - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda
For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
4. **Urgent Items**
To consider any other items that the Chairman decides are urgent.
5. **Terms of Reference** (Pages 9 - 12)
To note the Audit Committee's Terms of Reference as approved by Adjourned Annual Council on 15 May 2025.
6. **Draft Audit Plan for Torbay Council** (Pages 13 - 62)
To consider a report that provides an overview of the planned scope and timing of the statutory audit of Torbay Council for those charged with governance.
7. **Treasury Management Outturn** (To Follow)
To consider a report on the above.

8. **Draft Annual Governance Statement 2024/2025** (Pages 63 - 96)
To consider a report on the draft Annual Governance Statement which provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its Statement of Accounts and the probity of its operations.
9. **Risk Management Update** (Pages 97 - 132)
To note a report that provides an update on the Council's current risk position and notable information with regards to the Council's overall risk management arrangements.
10. **Counter Fraud and Error Update** (Pages 133 - 150)
To consider a report that provides an update on counter fraud activity undertaken for the period of 1 April 2024 to 31 March 2025, including progress against the 2024/2025 Counter Fraud Plan.
11. **Work Programme** (Pages 151 - 152)
To note the Audit Committee's work programme.

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Minutes of the Audit Committee

26 March 2025

-: Present :-

Councillor Penny (Chairman)

Councillors Brook (Vice-Chair), Long and Spacagna

40. Apologies

An apology for absence was received from Councillor Maddison.

It was reported that, in accordance with the wishes of the Conservative Group, the membership of the Committee had been amended for this meeting by including Councillor Spacagna instead of Councillor Fellows.

41. Minutes

The Minutes of the meeting of the Audit Committee held on 25 February 2025 were confirmed as a correct record and signed by the Chairman.

42. Declarations of interests

No interests were declared.

43. Internal Audit Charter and Strategy

Members noted the submitted report which detailed the Audit Charter and Internal Audit Strategy. The Deputy Head of the Devon Assurance Partnership informed Members that the Audit Charter formally described the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which was provided by the Devon Assurance Partnership (DAP), and the scope of Internal Audit work. The accompanying Audit Strategy had been designed to deliver the requirements outlined within the Charter.

44. Internal Audit Plan 2025-26

The Audit Committee noted the report that set out the Internal Audit Plan for 2025-26. The Deputy Head of the Devon Assurance Partnership, informed Members that the audit plan represented the proposed internal audit activity for the year and an outline scope of coverage. Members were advised that the Audit Plan had been developed following consideration of various factors including global risk themes, risks to the Council as outlined in the Council's risk register, and the views of Directors, Senior Officers and Members. The Audit Plan needed to be flexible in order for Internal

Audit to be more agile and responsive to changing risks, therefore as the year progressed, any changes to the Audit Plan would be agreed by the Section 151 Officer with the Audit Committee being notified via Internal Audit's monitoring reports.

45. Torbay Council Audit Progress Report and Sector Update

Members noted a report on progress in delivering Grant Thornton's responsibilities as the Council's external auditors. The report also included a series of sector updates in respect of emerging issues.

Members attention was drawn to the proposed audit fees for 2023-24. Members were advised that the report contained the final fee proposal. The Public Sector Audit Appointments Limited (PSAA) would make the final determination. Given the variation in the proposed fee the PSAA would undertake a file review and meet with the Director of Finance before making a final determination. The Director of Finance informed Members that it was recognised that the audit of the Statement of Accounts took a lot of work on both sides. However, there would be elements of the proposed fees that he would be challenging. Both Grant Thornton and the Council recognised the need to implement recommended changes in order to make year-end processes better.

Members were advised that planning for the 2024/25 audit had already started, it was important to get back on track due to the Government's back stop audit requirements coming forward for 2025/26. Therefore, those involved wanted to use 2024/25 as a dry run, in doing so aiming for the completion of the audit by December 2025 rather than February 2026. Resulting in the planning and testing being undertaken now rather than in the summer.

46. Counter Fraud Plan 2025-26

Members noted a report that provided details of current and future counter fraud plans that supported delivery of the Counter Fraud and Corruption Policy. Members were advised that a counter fraud plan was essential for preventing and detecting fraudulent activities within the public sector. The plan aimed to strengthen the response to fraud and corruption. It involved leadership commitment, risk assessment, clear policies, staff training, collaboration, technology adoption, and ongoing monitoring.

Members were informed that Torbay would be taking part in a trial that utilises LoCTA Datahub as a legal gateway to share information from one council to another. Torbay Council will receive extracts of data on a weekly basis from every participating local authority. Thereby helping to detect small business rates relief fraud as well as tracing debtors who may have moved out of area.

(Note: at the conclusion of this item Councillor Spacagna left the meeting.)

47. Torbay Council Management Action Plan in response to the Auditor's Annual Report for the year ended 31 March 2024

Members noted a report that set out the final Statement of Accounts and Audit Findings Report which were circulated for information purposes. Members were advised that the Audit Findings Report included a number of management recommendations for which an action plan had been developed and was resulting in revised processes for the closure of the accounts.

48. Treasury Management Mid-Year Review 2024/25 Revisions

Members noted a report that set out a number of small errors which were identified in the Treasury Management Mid-Year Review 2024/25 which was presented to Audit Committee on 27 November 2024.

Members were advised that the majority of the figures in the mid-year report were providing information as at a point in time, the errors related to the investment balance figures as at the reporting period end (30 September 2024).

Following the identification of the errors, the Finance Team have reviewed practices and procedures to ensure that the likelihood of this happening was eliminated for future reports to the Audit Committee.

49. Audit Committee Self Assessment (CIPFA Guidance) 2024-25: Agree Committee Responses

Members of the Audit Committee undertook a self-assessment against CIPFA's 2022 Position Statement. As a result a number of recommendations were made and Audit Committee were asked to approve the responses to those recommendations.

Resolved:

That the Audit Committee's responses to the Audit Committee Self-Assessment (CIPFA Guidance) 2024/25 be approved.

50. Audit Committee Draft Annual Report

In November 2024 the Audit Committee undertook a self-assessment, to seek reassurance of compliance with CIPFA's 2022 Position Statement. One of the areas identified as a medium impact was the lack of publication of an annual report. The Audit Committee should report annually on how the committee had complied with the position statement, discharged its responsibilities, and include an assessment of its performance.

In order to seek compliance, an initial draft of an Annual Report had been developed as set out in Appendix 1 to the submitted report.

Resolved:

That delegated authority be given to the Director of Finance in consultation with the Chairman of the Audit Committee to finalise the Audit Committee's Annual Report for 2024/2025 prior to its submission to Council.

51. Consultation Response: Local audit reform - a strategy for overhauling the local audit system in England

The Audit Committee noted an update on the recent Ministry of Housing, Communities and Local Government (MHCLG) consultation on local audit reform which closed at the end of January 2025. Members were advised that the consultation sought views on six key areas of reform as included in the strategy for overhauling the local audit system in England.

Members further noted that the Council had responded to the consultation as set out in Appendix 2 to the submitted report.

52. Audit Committee Work Plan

Members noted the report subject to the External Audit Plan being brought forward to the Audit Committee meeting 28 May 2025.

Chairman/woman

Schedule 4 – Terms of Reference

Name and Terms of Reference	Membership
<p>Audit Committee</p> <p>Audit Activity:</p> <ol style="list-style-type: none"> 1. To consider the Head of Internal Audit’s annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can give over the Council’s corporate governance arrangements. 2. To approve, but not direct, the Internal Audit Strategy and annual audit plan ensuring that appropriate risk assessments have been carried out when formulating the internal audit plan and to monitor performance against the plan. 3. To review any revisions to the plan as advised by the Head of Internal Audit and agreed by the Director of Finance. 4. To review half yearly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary 5. To consider summaries of specific Internal Audit reports as requested. 6. To consider reports dealing with the management and performance of the providers of Internal Audit Services. 7. To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale. 8. To consider the External Auditor’s Annual Letter, relevant reports, and the report to those charged with governance. 9. To consider specific reports as agreed with the External Auditor. 	<p>6 members of the Council excluding members of the Cabinet, in accordance with the political balance requirements.</p> <p>Normally chaired by an Opposition Member, where political balance allows.</p> <p>Conservative Group (3): Cllrs Brook, Fellows and Hutchings</p> <p>Liberal Democrat Group (2): Cllrs Long and Penny</p> <p>Independent Group (1): Cllr Maddison</p> <p>Non-voting Independent Member: Mr Kristian Hawkes</p>

Name and Terms of Reference	Membership
<p>10. To comment on the scope and depth of external audit work and to ensure it gives value for money.</p> <p>11. To liaise with the Public Sector Audit Appointments Ltd over the appointment of the Council’s external auditor.</p> <p>12. To commission work from Internal and External Audit within approved resources.</p> <p>13. To support the Council’s compliance with the CIPFA Code of Practice for Treasury Management in Public Services including the role as nominated Committee to be responsible for ensuring effective scrutiny of the capital strategy, treasury management strategy and policies.</p>	
<p>Regulatory Framework</p> <p>14. To maintain a strategic overview of the Council’s Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour (the primary responsibility for considering and ensuring that the constitution is fit for purpose lies with the Monitoring Officer and the Standards Committee in relation to the codes of conduct).</p> <p>15. To maintain a strategic overview of the Council’s compliance with the prevailing Accounts and Audit Regulations.</p> <p>16. To review any issue referred to it by the Chief Executive, a Director, the Monitoring officer, Section 151 Officer (Chief Finance Officer) or any Council body.</p> <p>17. To monitor the effective development and operation of risk management and corporate governance in the Council and agree necessary actions to ensure compliance with best practice</p>	

Name and Terms of Reference	Membership
<p>18. To monitor the “Whistle blowing Policy” which meets the requirements of the Public Interest Disclosure Act 1998, to encourage employees to report suspected malpractice, fraud or crime by other staff, the public or organisations having dealings with the Council.</p>	
<p>19. To monitor and review the council policy on ‘Counter Fraud and Corruption’ and to be responsible for the Council’s procedure for investigating and responding to complaints.</p>	
<p>20. To consider the findings of reviews of the effectiveness of the system of internal control including the Annual Governance Statement and to recommend its adoption.</p>	
<p>21. To oversee the Council’s arrangements for corporate governance and consider necessary actions to ensure compliance with best practice.</p>	
<p>22. To monitor the Council’s compliance with its own and other published standards and controls.</p>	
<p>23. To maintain a strategic overview of the Council’s compliance with the Regulation of Investigatory Powers Act 2000 (RIPA).</p>	
<p>Accounts</p>	
<p>24. To consider the External Auditor’s report to those charged with governance on issues arising from the audit of the accounts.</p>	
<p>25. On behalf of the Council, to consider and approve the annual statement of accounts.</p>	

Name and Terms of Reference	Membership
26. To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.	

Audit Plan for Torbay Council

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Year ending 31 March 2025

April 2025

Agenda Item 6



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01 Key developments impacting our audit approach

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Local Government Reorganisation

External factors

English Devolution White Paper

On 16 December 2024, the Secretary of State for Housing, Communities and Local Government, Angela Rayner, Presented to Parliament the English Devolution White Paper.

The White Paper sets out the direction of travel for the devolution of power across England. Devolution is seen by the government as being fundamental in achieving the change the public expect and deserve. The government's aim is for devolution to promote growth, a joined-up delivery of public services, and politics being done with communities, not to them. England is one of the most centralised countries in the developed world. The goal is universal coverage of strategic authorities in England.

Strategic authorities will be a combination of pre-existing Combined Authorities and Mayoral Strategic Authorities (MSAs). They will be funded through an integrated settlement which can be used by the Authority across housing, regeneration, local growth, local transport, retrofit, skills and employment support. This removes the complexity of numerous grants, conditions and reporting requirements, simplifying it into a single mutually agreed outcomes framework monitored over a supply review period. In combination with this Mayors will be given more control over the devolution of transport, skills & employment support, housing and planning, environment and climate change, supporting business and research, reforming and joining up public services.

The government plans to facilitate a programme of local government reorganisation for 2-tier areas across England. It will also facilitate the reorganisation of unitary councils where there is evidence of failure, or where their size and/or boundaries are a hinderance to local decision making. This will be done in a phased approach and for most will mean creating councils serving a population of 500 000 or more. Along with devolution government wants to reset its relationship with local government, end micro-management and enable local governments through multi-year settlements.

The next steps are:

- 6 A widening and deepening of devolution, expanding on the 2 new Mayors and 6 non-mayoral devolutions already noted in the white paper, with a priority programme for those with plans ready for action;
- An invitation from all remaining 2-tier areas and unitary councils where appropriate, to submit proposals for local reorganisation;
- And re-committing to the English Devolution Bill by putting the devolution framework into statute and moving to a systematic approach that ensures local leaders have the powers they need.

Update

Jim McMahan, Minister for Local Government and English Devolution, wrote to two-tier authorities in February 2025 to set out a timetable for reorganisation proposals to be submitted. Interim reorganisation plans were submitted to government by 21 March 2025 with full reorganisation proposals due to be submitted by 28 November 2025.

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Position

Local governments face many challenges, the pandemic along with the cost of living crisis has left local governments with economic, social, and health challenges to address:

Staffing: A key challenge facing councils in maintaining service sustainability is the growing difficulties in relation to workforce recruitment and retention. Councils struggle to attract and retain qualified staff, especially younger talent. Many councils have outdated recruitment processes and are heavily reliant on agency staff.

Climate change: As the impacts of climate change become increasingly evident, local government plays a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.

Housing crisis: The shortage of affordable housing continues to be an issue. There aren't enough social rented homes to meet demand and it's difficult to find land for new housing developments. New requirements around net zero and other environmental considerations make it more complex to get planning permission. Local authorities therefore face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements.

Funding : Local governments face many challenges in securing funding, including declining grant income, slow tax revenue growth, and rising demand for services. These challenges can make it difficult for local government to balance their budgets, assess their revenue base, enforce taxes, and prevent tax evasion. Social care costs, maintaining aging infrastructure, SEND and homelessness are driving up council spending and cuts to discretionary services impact local communities. Strained budgets are making it challenging to fund essential services, infrastructure projects and the ongoing stream of section 114 notices will not come as a surprise this year.

Digital Transformation : The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.

Cybersecurity: Local government needs to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

Our Response

Building and maintaining public trust is arguably the cornerstone of effective governance. Local government must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Despite councils' best efforts, financial pressures are affecting the scale, range and quality of council services provided to local residents. The clearest evidence of this is that councils' service spending is increasingly focused on adult and children's social care, SEND and homelessness. Ultimately spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas on key issues such as housing, economic growth, and climate change

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that local authorities are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We know the difficulties and challenges faced within our Local Authority bodies and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.

Key developments impacting our audit approach

Local Context

- We identified the quality of the draft financial statements as a significant matter during the course of our 2023-24 work. Fundamentally, this was due to a lack of year end reconciliation between its general ledger accounting system, the final trial balance and the draft financial statements; the need to better control the year end closedown process and accounting entries entered into the accounting system during the accounts production; and the need for an improved quality control review process with its draft financial statements.
- A significant weaknesses was identified in our VFM assessment around the Council's capacity and capability of its finance team to ensure that financial reporting arrangements, including those relating to the statement of accounts are adequate.

Our Response

- We will follow up the Council's progress in implementing the recommendations arising from our financial statements Audit Findings and VFM assessment for 2023-24 and its revised quality assurance arrangements. We will continue to update the Council's audit committee on progress of audit work and will escalate any delays promptly in line with our escalation policy.

New accounting standards and reporting developments

- Local authorities will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide.
- The FRC issued revisions to ISA (UK) 600 'Audits of group financial statements (including the work of component auditors)'. The revised standard includes new and revised requirements that better aligns the standard with recently revised standards such as ISQM 1, ISA 220 (Revised) and ISA 315 (Revised 2019). The new and revised requirements strengthen the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditor, and documentation. The changes are to keep the standard fit for purpose in a wide range of circumstances and the developing environment.
- On 1 April 2024, a Council subsidiary, TEDC Ltd, transferred all services and the majority of assets to the Council. We will assess the extent of work required for this entity once additional information is provided by officers to ensure the impact on the audit of the group financial statements is fully understood.
- Detailed review of the authority's implementation of IFRS 16. More information can be found on page 9.
- Enhanced procedures in respect of audits of group financial statements

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, have been discussed with the Director of Finance.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team.

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We will continue our formal meeting with the Chief Executive, and with the Director of Finance quarterly as part of our commitment to keep you fully informed on the progress of the audit.

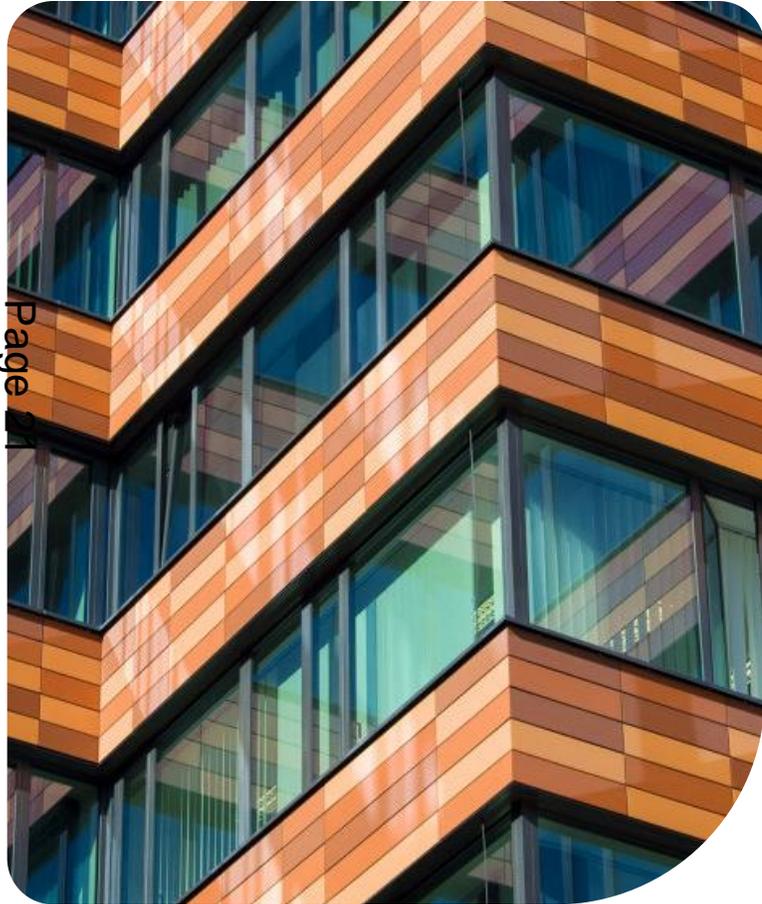
At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit Committee, to brief them on the status and progress of the audit work to date.

Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.

- We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.



IFRS 16 Leases



Summary

IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional for LG)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

We believe that most LG Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Planning enquiries

As part of our planning risk assessment procedures we have made enquiries on the Council's arrangements for effecting the required changes under IFRS 16. We would appreciate a prompt response to these enquires in due course.

The Backstop

Local Government National Context – The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- for years ended 31 March 2023 and earlier by 13 December 2024; and
- for years ended 31 March 2024 by 28 February 2025; and
- for years ended 31 March 2025 by 27 February 2026.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Local Government National Context – Local Audit Recovery

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop.

As a result, we anticipate that for 2024/25:

- we will have limited assurance over the opening balances for 2024/25

- limited assurance over the closing reserves balance also due to the uncertainty over their opening amount.

We are in discussion with the NAO and the Financial Reporting Council (FRC) as how we regain assurance. We will work with the Council to rebuild assurance over time.

Our Work

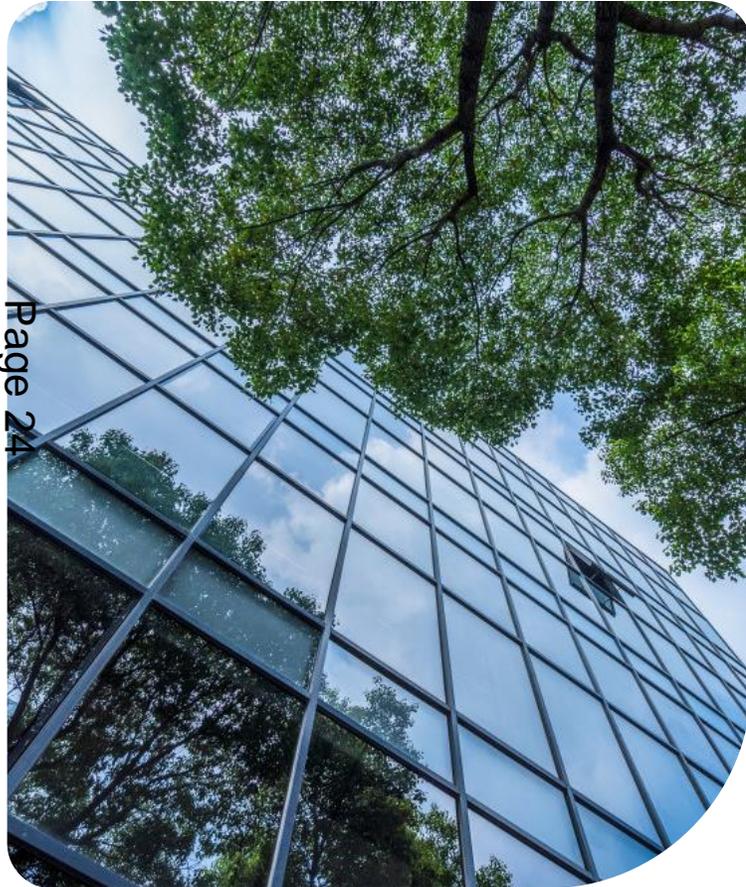
Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances for 2024/25. Our objective is to begin a pathway to recovery, by providing assurance over the in year 2024/25 transactions and movements, where possible, and those closing balances which can be purely determined in isolation without regard to the opening balance, such as payables and receivables. As guidance is received from the NAO and the FRC, we will formulate a more detailed strategy as to how assurance can be gained on prior years.



02 Introduction and Headlines

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Introduction and headlines



Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Torbay Council (“the Council”) for those charged with governance.

Respective responsibilities

- The National Audit Office (“the NAO”) has issued the Code of Audit Practice (“the Code”). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Torbay Council We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and Group’s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council’s business and is risk based.

Introduction and headlines (continued)



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Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and building assets (other land and buildings)
- Valuation of Investment Properties
- Valuation of Pension Liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Torbay Economic Development Company (TEDC) and subsidiaries (TDA group), CSW Group, and Swisco Limited.

Materiality

We have determined planning materiality to be £7.6m (PY £7.142m) for the group and £7.5m (PY £6.856m) for the council, which equates to 2.1% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors. Our performance materiality for both the group and council has been set at 65% of council materiality at Clearly trivial has been set at £380,000 (PY £300,000).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified a significant weakness in governance arrangements as reported in the 2023/24 Auditor's Annual Report. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

Audit logistics

Our interim visit took place in March 2025 and our final visit will take place between September and December 2025. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £340,484 (the scale fee) (PY: £544,110 subject to PSAA) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

03 Identified risks

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Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	<ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management • Testing of journals entries • Review of unusual significant transactions

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“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	<p>We have identified and completed a risk assessment of all revenue streams for the Council/Group. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. We have assessed these revenue streams as being at greater risk of being manipulated and as such we have identified a significant risk of fraud in these revenue streams.</p> <p>Where we have rebutted the risk of fraud in revenue recognition for revenue streams this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.</p>	Where the risk has been rebutted we do not consider this to be a significant risk for the Council/Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Council/Group. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.	Where we do not consider this to be a significant risk for the Council/Group and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.

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Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of land and buildings assets	Council and Group	<p>The Council revalues its land and buildings on a rolling basis of not less than every five years to ensure that the carrying value is not materially different from the current value (fair value for surplus assets) at the financial statements date. This valuation represents a significant estimate by management due to the size of the balances involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current (fair) value as at 31 March 2025.</p> <p>We have therefore identified the valuation of the closing balance of land and buildings as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • Evaluate the competence, capabilities and objectivity of the valuation experts; • Write to the valuers to confirm the basis on which the valuation was carried out; • Challenge the information and assumptions used by the to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation; • Test revaluations made during the year to see if they had been input correctly into your asset register, and • Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.
Valuation of Investment Properties	Council and Group	<p>The Council revalues its investment properties on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. This valuation represents a significant financial statements estimate by management due to the size of the balances involved and the sensitivity of this estimate to changes in key assumptions. Management have engaged the services of a valuer to estimate the fair value as at 31 March 2025. We have therefore identified the valuation of the closing balance of investment properties as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation; • test revaluations made during the year to see if they had been input correctly into your asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability	Council and Group	The pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Quality of Accounts preparation	Due to the quality of the draft accounts produced in 2023/24 being unsatisfactory and significant misstatements identified and adjusted for; we have recognised a risk in relation to the quality of the account's preparation.	We will follow up the Council’s progress in implementing the recommendations arising from our financial statements Audit Findings and VFM assessment for 2023-24 and its revised quality assurance arrangements. We will continue to update the Council’s audit committee on progress of audit work and will escalate any delays promptly in line with our escalation policy.
Implementation of IFRS16	IFRS 16 Leases is now mandatory for all Local Government authorities from 1 April 2024. This represents a significant change in accounting standards, and we have therefore recognised the risk of misstatement in implementation of this standard.	We will <ul style="list-style-type: none"> • Review the steps taken by management to identify leases to be disclosed under IFRS16. • Test a sample of leases and right of use assets to ensure these have been calculated accurately

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“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.” (ISA (UK) 315)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
- issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

04 Group Audit

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Scope of group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Company name	Risk of material misstatement to the group	Location	Auditor	Audit scope	Specific account balances in scope	Statutory audit
Torbay Council	Yes	Torquay	Grant Thornton UK	Audit of the entire financial information of the component		Yes
SWISCo	No	Torquay	Bishop Fleming	Specific audit procedures designed by group auditor	Cash, Accounts Payable, Pensions, Other Service Expenses, Revenue	Yes
TEDC and subsidiaries (TDA group)*	Tbc*	Torquay	PKF Francis Clark	Analytical procedures at group level		Yes
PSW Group	No	Plymouth	Bishop Fleming	Analytical procedures at group level		Yes

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Key changes within the group

*On 1 April 2024, TEDC transferred all services and majority of assets to the Council. We will assess the extent of work required for this entity once additional information is provided by officers to ensure the impact on the group financial statements is fully understood.

Audit scope

- Audit of the entire financial information of the component
- Specific audit procedures designed by the group auditor
- Specific audit procedures designed by a component auditor
- Analytical procedures at group level

Involvement in the work of component auditors

In order to use the work of the component auditor, we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in the work of Bishop Fleming will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the Bishop Fleming audit documentation and meeting with appropriate members of management. We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.

If we are unable to secure access to the component auditor’s working papers we will report the impact of such impediments on the audit of the group financial statements.

Where a member of the Grant Thornton International network is involved, we will communicate to them your policy on non-audit services. You will ensure that each component entity within your group is aware of your policy.

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

05 **Our approach
to materiality**

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Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	<p>Determination</p> <p>We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements</p>	<ul style="list-style-type: none"> We determine planning materiality in order to: <ul style="list-style-type: none"> establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements assist in establishing the scope of our audit engagement and audit tests determine sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements
02	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements</p>	<ul style="list-style-type: none"> An item may be considered to be material by nature when it relates to: <ul style="list-style-type: none"> instances where greater precision is required
03	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process</p>	<ul style="list-style-type: none"> We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
04	<p>Matters we will report to the Audit Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<ul style="list-style-type: none"> We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Council and Group, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £375,000 (PY £300,000). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

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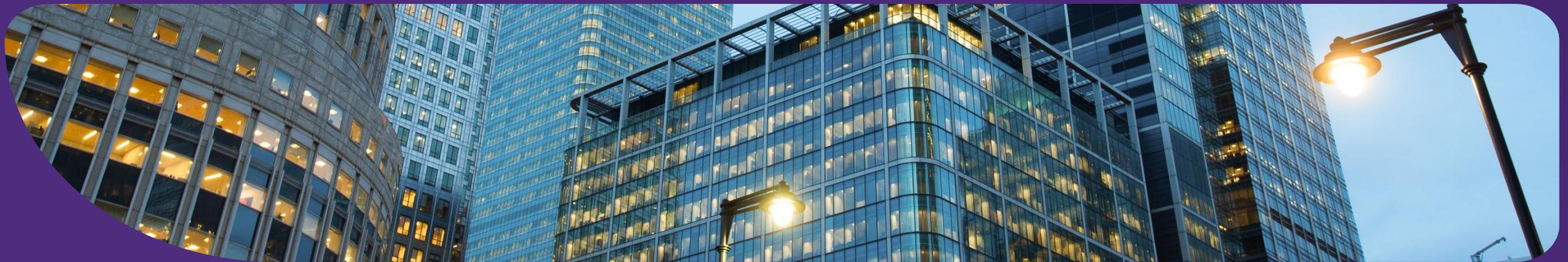
Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the group financial statements	7,600,000	<ul style="list-style-type: none"> The latest audit of the Council’s financial statements identified significant errors in the accounts and deficiencies in the control environment. Senior management and key reporting personnel in the finance have remained stable from the prior year audits. We are not aware of any key personnel leaving Torbay Council.
Materiality for the entity financial statements	7,500,000	<ul style="list-style-type: none"> There is not a significantly increased number of accounting issues that require significant judgement compared to prior year. The impact of changes in accounting standards is expected to be limited. We have also considered that Torbay Council operate in a low-risk industry and no going concern risk has been identified in prior year audits.
Senior Officer Remuneration	20,000	Due to the sensitivity of these disclosures, we have applied a lower materiality of £20k per senior officer.

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07 IT audit strategy

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IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

Application	Audit area	Planned level IT audit assessment
RMS	Financial reporting	<ul style="list-style-type: none"> Streamlined ITGC design assessment Understanding of link to feeder systems
ResourceLink from Zellis	Payroll	<ul style="list-style-type: none"> Streamlined ITGC design assessment
Real Asset Management	Property, Plant and Equipment	<ul style="list-style-type: none"> Streamlined ITGC design assessment

09 Value for Money Arrangements

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Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

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Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant weakness in VFM arrangements (continued)

Risk assessment of the Council’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor’s work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Financial sustainability	A No significant weaknesses identified but two improvement recommendations made.	No risk of significant weakness identified from our planning work.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance	R A significant weakness was identified around the Council’s capacity and capability of its finance team to ensure that financial reporting arrangements, including those relating to the statement of accounts are adequate. We also raised three improvement recommendations to support the Council in improving arrangements for its governance arrangements.	We have identified a risk of significant weakness within the Council’s governance arrangements. We raised a key recommendation to address significant weaknesses in arrangements identified in 2023/24 relating to the Council’s finance team capacity and capability. There is a risk that the Council has not fully addressed this weaknesses.	We will undertake additional risk based work to assess the progress that the Council has made in addressing the key recommendations we raised in 2023/24.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified but one improvement recommendation made.	No risk of significant weakness identified from our planning work.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

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We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor’s annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor’s Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor’s Report and included within our audit opinion.

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

10 Logistics

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Logistics

The audit timeline

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Key Dates

Year end:
31 March 2025

Audit committee

Sign off:
January 2026

Audit phases:

Planning – 2 weeks
w/c 17 03 2025

Final – 3 months
w/c 15 Sept 2025

Completion
December 2025

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Audit Committee
- Issue the Audit Plan to management and Audit Committee
- Planning meeting with Audit Committee to discuss the Audit Plan
- Document design effectiveness of systems and processes
- Review of key judgements and estimates

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Audit Committee
- Audit Findings presentation to Audit Committee
- Auditor’s Annual Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team



Julie Masci
Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance



Roz Apperley
Audit Manager

- Resource Management
- Performance management reporting



Linnet Tutcher
In-charge auditor

- On-site audit team management
- Day-to-day point of contact
- Audit planning and fieldwork

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	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the In charge auditor and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

11 Fees and related matters

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Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees relating to the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for Torbay Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2024/25 audit is £340,484.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Company	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
PSAA Scale Fee	£308,933	£340,484
ISA 315 and ISA240	£15,690	
Additional fees*	£219,487	
Total (Exc. VAT)	£544,110	£340,484

*2023-24 final fees are awaiting final PSAA determination.

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Previous year

In 2023/24 the scale fee set by PSAA was £308,933. The final fee proposed for the audit, including audit of subsidiary companies (where applicable) was £544,110. This final determination is awaiting PSAA approval.

12 Independence considerations

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Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, there are no matters that we are required to report.

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council/Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council/Group or investments in the Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council/Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council/Group .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council/Group's senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration, we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The following tables below sets out the non-audit services charged from the beginning of the financial year to April 2025, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Torbay Council policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Torbay Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Page 51 Certification of Housing Benefit subsidy	(2022-23) £34,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £64,560 in comparison to the total fee for the audit of £340,484 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
	(2021-22) £30,060		
Total	64,560		

This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

13 **Communication of audit matters with those charged with governance**

13
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Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Case Study

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

14 Delivering audit quality

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Delivering audit quality

Page 55

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

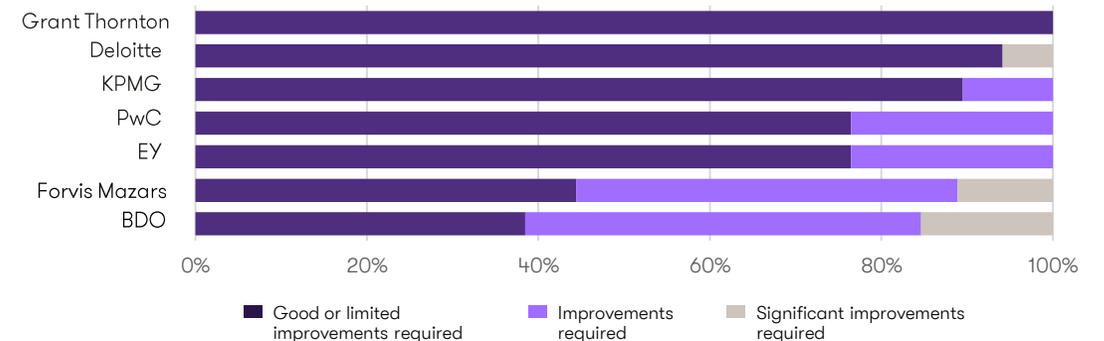
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection (% of files awarded in each grading, in the most recent report for each firm)



15 Appendices

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Escalation Policy



The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from 1 April 2025.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

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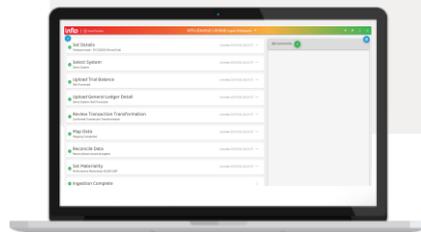


02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

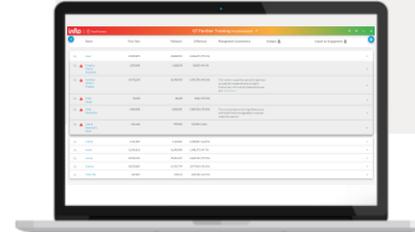


03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





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Meeting: Audit Committee

Date: 28 May 2025

Wards affected: All

Report Title: Annual Governance Statement 2024/2025

Cabinet Member Contact Details: Councillor David Thomas, Leader of the Council,
david.thomas@torbay.gov.uk

Director Contact Details: Matthew Fairclough-Kay, Director of Corporate Services
matthew.fairclough-kay@torbay.gov.uk

1. Purpose of Report

- 1.1 The preparation of the Annual Governance Statement provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its Statement of Accounts and the probity of its operations.
- 1.2 The Annual Governance Statement fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

2. Reason for Proposal and its benefits

- 2.1. The proposals in this report help us to deliver our vision of a healthy, happy, and prosperous Torbay by setting out publicly the extent to which the Council complies with its own code of corporate governance (part of the codes and protocols of the Constitution), including how it monitored and evaluated the effectiveness of its governance arrangements in the year.
- 2.2 The reason for the decision is to meet the requirements of the Accounts and Audit (England) Regulations.

3. Recommendation(s) / Proposed Decision

- 3.1. That the draft Annual Governance Statement for 2023/2024 be agreed, be included in the draft Statement of Accounts and forwarded to the External Auditors for comment.

4. Appendices

Appendix 1: Draft Annual Governance Statement 2024/2025

Supporting Information

5. Introduction

- 5.1 The Annual Governance Statement for 2024/2025 has been prepared and, if agreed by Audit Committee, will be sent to External Auditors with the Annual Statement of Accounts for comment to be finally approved by Audit Committee later in the year.
- 5.2 Regulations require every local authority to include in their annual Statement of Accounts an Annual Governance Statement signed by the Leader of the Council and the Chief Executive. CIPFA set out how the format that each Annual Governance Statement should follow.

6. Options under consideration

- 6.1. Not applicable

7. Financial Opportunities and Implications

- 7.1. There are no financial commitments to the council beyond the officer time involved in collating this report.

8. Legal Implications

- 8.1. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

9. Engagement and Consultation

- 9.1. The Statement is prepared with information from Officers, Senior Officers and Internal Audit reports. It has been reviewed by the Chief Executive and Leader of the Council.

10. Procurement Implications

- 10.1. Not applicable

11. Protecting our naturally inspiring Bay and tackling Climate Change

- 11.1. Not applicable

12. Associated Risks

- 12.1 That the requirements of the Accounts and Audit (England) Regulations are not adequately met.

13. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age Page 66	<p>18 per cent of Torbay residents are under 18 years old.</p> <p>55 per cent of Torbay residents are aged between 18 to 64 years old.</p> <p>27 per cent of Torbay residents are aged 65 and older.</p>	There is no differential impact.		
Carers	<p>At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these provided 50 hours or more of care.</p>	There is no differential impact.		
Disability	<p>In the 2021 Census, 23.8% of Torbay residents answered that their day-to-day activities</p>	There is no differential impact.		

	were limited a little or a lot by a physical or mental health condition or illness.			
Gender reassignment	In the 2021 Census, 0.4% of Torbay's community answered that their gender identity was not the same as their sex registered at birth. This proportion is similar to the Southwest and is lower than England.	There is no differential impact.		
Marriage and civil partnership	Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership.	There is no differential impact.		
Pregnancy and maternity	Over the period 2010 to 2021, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 63.7 per 1,000) than England (60.2) and the South West (58.4). There has been a notable fall in the numbers of live births since the middle of the last decade across all geographical areas.	There is no differential impact.		

Race	In the 2021 Census, 96.1% of Torbay residents described their ethnicity as white. This is a higher proportion than the South West and England. Black, Asian and minority ethnic individuals are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England.	There is no differential impact.		
Religion and belief	64.8% of Torbay residents who stated that they have a religion in the 2021 census.	There is no differential impact.		
Sex	51.3% of Torbay's population are female and 48.7% are male	There is no differential impact.		
Sexual orientation	In the 2021 Census, 3.4% of those in Torbay aged over 16 identified their sexuality as either Lesbian, Gay, Bisexual or, used another term to describe their sexual orientation.	There is no differential impact.		
Armed Forces Community	In 2021, 3.8% of residents in England reported that they had previously served in the UK armed forces. In Torbay,	There is no differential impact.		

	5.9 per cent of the population have previously served in the UK armed forces.			
Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)		There is no differential impact.		
Public Health impacts (Including impacts on the general health of the population of Torbay)		There is no differential impact.		
Human Rights impacts		There is no differential impact.		
Child Friendly	Torbay Council is a Child Friendly Council, and all staff and Councillors are Corporate Parents and have a responsibility towards cared for and care experienced children and young people.	There is no differential impact.		

14. Cumulative Council Impact

14.1. None

15. Cumulative Community Impacts

15.1. None

DRAFT Annual Governance Statement

2024/2025

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Version control

Date	Details	Updated by
1 April 2025	Draft for comments from SLT and other officers	Head of Policy, Performance and Community Engagement

Executive Summary

Governance is how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems, processes, values and culture by which the Council is directed and controlled and through which it is accountable to, engages with and leads its communities.

We are committed to achieving good corporate governance in everything we do to meet more effectively the needs, expectations and priorities of local people.

We want to be sure we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest, and accountable manner.

In reviewing the effectiveness of our governance arrangements, we are able to confirm that throughout the year, we have delivered against our agreed action plans and maintained a robust corporate governance framework. Our decision making framework is understood by members and officers and the mechanisms which support this framework operate effectively.

The political make-up of the Council changed during the course of the year, moving to No Overall Control with a minority administration at a by-election held in June 2024 following the death of a member. These changes led to political tensions which have had a negative impact. Work has been undertaken with all Group Leaders to co-create the changes needed to address the tensions and identify a way forward to deliver good governance for the Council.

We have recognised where there are areas for 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 David Thomas
Leader of the Council

Scope of responsibility

Torbay Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. We also need to make sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

We have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Torbay Council has approved and adopted a Code of Corporate Governance which is included in the [Council's Constitution](#).

This Annual Governance Statement explains how we have complied with the Code. The Statement meets the requirements of the Accounts and Audit (England) Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2022, in relation to the publication of a statement on internal control.

The Statement takes the principles of our Code of Corporate Governance and describes (as per the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)):

- Torbay Council's key governance arrangements,
- Our evaluation of the effectiveness of our governance, and
- The progress we have made against previous actions and our plans for further improvement.

Key governance arrangements

The purpose of the governance framework

The Council's 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.

Against each principle of the Code of Corporate Governance, this section describes Torbay Council's governance arrangements.

Principle 1: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.

We are committed to exercising strategic leadership by developing and communicating clearly our purpose and vision, and the intending outcomes for citizens and service users.

- The Council's Community and Corporate Plan was adopted in February 2024. The plan covers a twenty-year period which will include a formal review after ten years.
- The associated Council Business Plan, which acts as a delivery plan and sets out the actions require to meet the priorities within the Community and Corporate Plan, was approved in June 2024.
- A Policy Framework is in place which ensures effective delivery of the Council's objectives.
- Each year, each Director prepares a set of Services Plans for their directorate which demonstrate how the Council's ambition and priorities from the Community and Corporate Plan flow through into the delivery of each service and ultimately into the objectives of each of our members of staff.
- Each year, our Statement of Accounts includes a narrative of the Council's progress towards the ambitions in the Community and Corporate Plan.

We are committed to ensuring that customers and service users receive a high quality of service whether directly, or in partnership, or by commissioning.

- A Member Development Programme is in place with the aim of providing a structured approach to member development and supporting them in their roles. This includes more detailed training for Councillors with areas of special responsibility e.g. Leader of the Council, Cabinet Members, Overview and Scrutiny and Chairs of Committees.

- Our Customer Service Standards set out our commitment to putting the customer at the centre of everything we do. If we do not meet these Standards, we have in place our Complaints Procedure. Further, a Members' Enquiries system is also available.
- To ensure continuous improvement in significant services, the following programmes are in place:
 - Transformation Programme for Adult Social Care
 - Children's Services Continuous Improvement Plan
 - Written Statement of Action for the improvement in services for children and young people with Special Educational Needs and/or Disabilities
- A draft Local Operating Policy for governance of wholly owned companies has been prepared.

We are committed to ensuring that the Council makes best use of resources, and that taxpayers and service users receive excellent value for money.

- Our Council's Constitution sets out the Financial Regulations and how we comply with all accounting, auditing standards and codes of practice. The Council's Medium Term Resource Plan provides a framework for planning and monitoring our resource requirements.
- The Treasury Management Strategy aims to achieve the optimum performance from the Council's cash flow, debt and investment operations and effectively control the associated risks.
- The Council has in place frameworks to which provide control and oversight of the Council's current and future revenue and capital budgets. The framework in relation to capital budgets/projects also includes the governance arrangements in relation to the Council's Regeneration Partner.
- Counter fraud and anti-corruption arrangements are in place including a policy which sets out the Council's commitment and approach to maintaining a strong anti-fraud culture across the authority.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

We are committed to ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.

- To provide clarity, the following are included within the Council's Constitution:
 - Schedules of Local Choice Functions and Council Functions
 - Scheme of Delegation of Executive Functions to the Cabinet, Cabinet Committees and Officers
 - Article 5 – Overview and Scrutiny
 - Terms of reference of the Overview and Scrutiny Board
 - Local Protocol on Relations between Overview & Scrutiny and the Cabinet
 - Local Protocol – Good Governance the Torbay Way – Effective Administration and Opposition Leaders' Agreement and Principles
 - Job Descriptions

- Roles and responsibilities of Members and officers (and how they inter-relate) are also made clear during induction programmes.
- The Overview & Scrutiny Leadership Quarterly meetings include the Leader of the Council, Group Leaders and Chair and Vice-Chair of the Overview and Scrutiny Board and Chair of Audit Committee to enable linkages across Cabinet, Overview and Scrutiny and Audit Committee.

We are committed to ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard.

- The responsibilities of Members and officers, and the standards to which they are expected to carry out those responsibilities, are described in the following sections of the Council's Constitution:
 - Schedules of Local Choice Functions, Council Functions and Circumstances in which Functions are not to be the Responsibility of the Executive
 - Officer Scheme of Delegation
 - Code of Conduct for Members, Code of Conduct for Employees and Local Protocol on Member and Officer Relations
- The following statutory appointments have been made:
 - The Head of the Paid Service is the Chief Executive who is responsible and accountable to the Council for all aspects of operational management.
 - The Director of Finance is the Chief Financial Officer who has responsibility for ensuring the Council operates secure and reliable financial and accounting systems.
 - The Head of Legal Services is the Monitoring Officer who is responsible for ensuring that agreed procedures and protocols are followed and that all applicable Statutes and Regulations are complied with.
- A Leader Induction Programme is in place as part of Member Development Programme.
- Advice and guidance is sought and utilised from the Local Government Association (LGA).

We are committed to ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.

- To provide clarity, the following are included in the Council's Constitution:
 - Local Protocol on Member and Officer Relations
 - Members Allowances Scheme and Job Descriptions
- In accordance with our commitment to provide transparency, on our website we publish:
 - Our Organisational Chart covering each member of staff in the top three levels of the organisation.
 - Details of the number of employees whose remuneration was at least £50,000, including their responsibilities.
 - Our Annual Pay Policy Statement and Gender Pay Gap Report

- An Independent Remuneration Panel is in place to keep the Members' Allowances Scheme under review and make recommendations regarding the Scheme.
- There are a range of partnerships in place:
 - An Annual Memorandum of Understanding in place with the NHS for the delivery of adult social care by the Integrated Care Organisation.
 - Torbay and Devon Safeguarding Adults Partnership
 - Torbay Safeguarding Children Partnership which operates in line with the requirements of the statutory guidance Working Together to Safeguard Children 2018
 - The Community Safety Partnership (known as Safer Torbay)
 - Family Hub Board identifies local needs or gaps and suggests how community strengths may address them
 - Health and Wellbeing Board
 - Torbay Voluntary Sector Network
 - Torbay Place Leadership Board
- Our Corporate Safeguarding Policy sets out that the responsibility for safeguarding applies to every employee, volunteer, contractor, partner, agency worker and elected Member of the Council.

Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

We are committed to ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.

- The Council's Constitution includes a Code of Conduct for Members, a Code of Conduct for Employees and a Local Protocol on Member and Officer Relations.
- Procedures are in place for the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct.
- The Code of Conduct for Employees and Whistleblowing and Acceptable Behaviour policies available to all staff via MyView.
- Customer Service Standards are in place.
- The Council has in place an Internal Audit Plan which sits alongside its governance framework and our information governance arrangements.

We are committed to ensuring that organisational values are put into practice and are effective.

- Our Directors Commitments are in place to promote a positive culture across the organisation, which are supplemented by our Internal Engagement Strategy.
- The Council's Core Values are well established.
- The Standards Committee is part of the Council's governance arrangements.
- A draft Assurance Framework has been prepared.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

We are committed to being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.

- The Council's Constitution sets out the Council's formal governance framework with decisions made in accordance with Access to Information requirements. The Constitution also includes Financial Regulations and Contract Procedures.
- The Council has documented its internal governance structure and framework and has contract management arrangements in place.
- The procurement and management of public contracts for the provision of goods, services, works and concessions is governed by:
 - The Procurement Act 2023 – goods, light touch services (excluding relevant health care services), services, works and services and works concessions where the procurement process commenced on or after 24 February 2025
 - The Public Contracts Regulations 2015 – goods, light touch services, services and works where the procurement process commenced before 24 February 2025 and relevant health care services where the procurement commenced before 1 January 2024
 - The Concessions Contract Regulations 2016 – services and works concessions where the procurement commenced before 24 February 2025
 - The Health Care Services (Provider Selection Regime) Regulations 2023 for relevant health care services, including some of the public health services commissioned by the Council, where the procurement process commenced on or after 1 January 2024.
- Draft Local Operating Policy for Governance of Council Wholly Owned Companies in place.
- The Forward Plan is published upon receipt of any changes or new entry setting out the Key Decisions which are due to be taken.
- Overview and scrutiny arrangements are in place within the Council's governance arrangements, with the Constitution including the terms of reference of the Overview and Scrutiny Board (and its sub-boards) and the Standing Orders in relation to Overview and Scrutiny.
- The Council has standard formats for reports to decision makers and Records of Decision.
- The Code of Conduct for Members and Employees includes details around conflicts of interest.
- Audit Committee in place as part of the Council's governance arrangements.
- The Council has a Complaints Procedure in place.

We are committed to having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

- The Council's standard format for reports to decision makers includes the legal and financial implications of the recommendations. Guidance and advice is available for completion of Equality Impact Assessments within those reports and through officer support.

- Quarterly budget monitoring and performance reports are presented to Senior Leadership Team, Cabinet Members and Overview and Scrutiny Board
- There is an approved Community Engagement and Empowerment Strategy.

We are committed to ensuring that an effective risk management system is in place.

- The Council has an approved Risk Management Framework.
- There is a Whistleblowing Policy in place.
- A Health and Safety Policy is in place supported by a strategy and management framework.

We are committed to using our legal powers to the full benefit of the citizens and communities in their area.

- The Council's Head of Legal Services is the designated Monitoring Officer.
- Standard format reports for decision makers which requires legal implications of decisions to be set out so they can be considered by the decision maker. There is proactive engagement between Legal Services and directorates on high profile/sensitive matters.
- Equality Impact Assessments are completed for forthcoming decisions in order that the impact on vulnerable groups and those with characteristics protected under the Equality Act 2012 can be assessed, documented and considered by decision-makers prior to decisions being made.
- Advice and guidance is available to all directorates to ensure procurement is legally compliant.
- Standard Terms and Conditions ensure providers are legally compliant and held to account.

Principle 5: Developing the capacity and capability of Members and officers to be effective.

We are committed to making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.

- Member Development Programme (including Member Induction Programme) is in place and operational.
- Induction for new members of staff is in place, followed by the availability of a Corporate Training Programme.
- MyView web platform hosts Human Resources policies, whilst the Council's Intranet hosts a range of other policies, procedures and guidance for all staff including:
 - Information Governance
 - Freedom of Information Guidance
 - Community and Corporate Plan
 - Constitution
 - Counter Fraud and Corruption Policy
- As part of the Council Redesign Programme, a programme of Workforce Planning in place.
- Our People Strategy and associated action plan in place.
- Business Continuity Management is embedded within Torbay Council procedures.

- Programme and Project Management Methodology in place.

We are committed to developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.

- Member Development Programme (including Member Induction Programme) is in place and operational. This is kept under regular review via the Council Leadership Group to inform the development of future Programmes.
- Job Descriptions for specific Member and officer roles and Local Protocols published within the Council's Constitution.

We are committed to encouraging new talent for membership of the Council so that best use can be made of individual's skills and resources in balancing continuity and renewal.

- Our People Strategy and associated action plan in place.
- A specific communications and engagement plan is implemented in the run up to Local Elections to encourage people become councillors.

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

We are committed to exercising leadership through a robust scrutiny function, which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.

- Overview and scrutiny arrangements are in place within the Council's governance arrangements.
- An annual report on the activity of the Overview and Scrutiny function is published.

We are committed to taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning.

- The Council publishes a weekly One Torbay e-newsletter together with other subject specific e-newsletters. This is in addition to the news, information and alerts issued via our social media channels or through media releases as appropriate.
- The Council's Standing Orders in relation to Access to Information describe the specific circumstances in which information can be classed as exempt or confidential.
- A Community Engagement and Empowerment Strategy is in place with an associated Engagement and Communications Forward Plan.
- Meetings of the Council, Cabinet and Planning Committee are livestreamed on YouTube and promoted via social media channels.
- Impact on vulnerable groups and those with characteristics protected under the Equality Act 2012 is assessed and documented in Equality Impact Assessments and considered by decision-makers prior to decisions being made.

We are committed to making best use of human resources by taking an active and planned approach to meet responsibility to staff.

- Our People Strategy and associated action plan is in place.

Principle 7: 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.

We are committed to continually improve effective service delivery arrangements.

- The Council has in place a Performance Management Framework which includes setting annual targets for performance indicators.
- The Council Business Plan sets out milestones towards delivery of priority projects and Service Plans prepared for services across all Directorates.
- A quarterly corporate performance report is published and considered, with performance celebrated and challenged.
- The Statement of Accounts provides a Narrative Report which explains the Council's achievements against the Community and Corporate Plan over the past year alongside the Council's financial performance.
- Customer Service Standards in place.
- Improvement Plans put in place to respond to external inspections:
 - Children's Services Continuous Improvement Plan.
 - Special Educational Needs and/or Disabilities Written Statement of Action
 - Safety Value.
- Six monthly reports are considered at Directors' Overview Meeting on those areas of the Council subject to external inspection.
- Asset Management Strategy in place to ensure the effective use of the Council's assets.
- Council Re-design Programme in progress to move towards agreed Target Operating Model.

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 Council 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.

The effectiveness of the governance framework has been evaluated over the course of the year against the seven 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.

Principle 1: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.

The Community and Corporate Plan was agreed by the Council in February 2024. The Council's Business Plan, which acts as the delivery plan for the Community and Corporate Plan was agreed by the Cabinet in June 2024.

The Business Plan establishes a clear set of manageable priorities that enable real focus for the organisation. It sets out the actions to be undertaken against each priority within the Community and Corporate Plan. These actions contain milestones against which progress can be measured. A set of performance indicators are included within the Plan which supplement the longer-term performance indicators within the Community and Corporate Plan.

A new style Corporate Performance Report was introduced from Quarter 1 of 2024/2025 which provides assurance that progress against both the Community and Corporate Plan and the Council Business Plan is on track. The Report is considered by the Senior Leadership Team, members of the Cabinet and the Overview and Scrutiny Board where progress is celebrated and underperformance is challenged.

A revised Performance Management Policy was agreed in December 2024 and work is underway to develop and share the associated framework which will assist officers across the Authority to focus on improving performance. The Policy includes the service planning cycle with Directors preparing a set of Service Plans for their Directorate. In making them an effective tool to support the Council's continuous improvement, guidance for target setting has been published. The Service Plans are reviewed corporately to ensure complete coverage of Council Business Plan milestones and to identify inter-relationships.

The Member Development Programme was reviewed ahead of the Local Elections in May 2023 to provide a comprehensive induction programme and is kept under continual review to provide ongoing learning and development opportunities for members, further details are included under Principle 5.

The Statement of Accounts 2024/25 are being prepared and will be audited by Grant Thornton. The Council's accounts and the Auditor's annual report are publicly available on our website.

Directorate performance against our Customer Service Standards is monitored against targets on a weekly basis. Monthly escalation meetings are held with the Chief Executive and Director of Corporate Services to ensure satisfactory performance. This includes outstanding enquiries made by Councillors and Members of Parliament. The Council operates a single stage complaints process which means there are improved timescales for escalation to the Local Government and Social Care Ombudsman.

There are a range of meetings in place to ensure sufficient progress is being made against our improvement plans for adult social care, children's social care and services for children and young people with Special Educational Needs and/or Disabilities (SEND). These include:

- For adult social care:
 - Section 75 Executive Group
 - Adult Social Care Improvement Board; and
 - Adult Social Care and Health Overview and Scrutiny Sub-Board
- For children's social care:
 - Children's Continuous Improvement Board
 - Children and Young People's Overview and Scrutiny Sub-Board
- For services for children and young people with Special Educational Needs and/or Disabilities (SEND):
 - SEND Local Area Improvement Partnership Board
 - Children and Young People's Overview and Scrutiny Sub-Board

In June 2024, requested the Local Government Association (LGA) to undertake an adult social care "Preparation for Assurance" peer challenge within the council and with partners. The peer team acknowledged that the Council has developed a well-structured self-assessment and provided guidance on where effort could best be concentrated to further prepare for the forthcoming Care Quality Commission (CQC) Assessment.

Children's Services publish an annual self-assessment which is used as a basis for our Annual Conversation with Ofsted. We continue to work with the Department for Education and Care Quality Commission to improve the services for our children and families who experience SEND. During 2024/2025, the Council invited the Local Government Association to conduct two Peer Reviews within Children's Services – one focussed on Resources and Efficiency and the other on Special Educational Needs. The ongoing development of action plans based on the reviews' findings will help address identified issues and implement recommended improvements, driving continuous service enhancement.

Our Medium-Term Resource Plan was formally revised as part of setting the Council's budget in February 2025. The Council's budget was kept under review throughout the year by Directors and

Members of the Cabinet with quarterly budget monitoring reports being considered by the Overview and Scrutiny Board.

Over the course of the year, a review was undertaken of the governance frameworks for control and oversight of the Council's current and future revenue and capital budgets. This ensured that opportunity existed for appropriate monitoring and challenge as well as focusing our efforts on those areas of highest risk and potential impact on the Council.

The Treasury Management Strategy was reviewed by Audit Committee and its recommendations were considered by Council ahead of its approval in February 2025. Audit Committee received two progress reports which demonstrated our compliance with the strategy.

The Capital and Growth Board meets monthly to provide a continual review of the Council's Capital Programme and the risks for delivery and budget. The project management governance which was introduced in 2023/24 continues to promote greater accountability and transparency for all key projects.

In October 2023, a partnership of Wilmot Dixon and Milligan was appointed, by the Cabinet, as the Council's Regeneration Partners. The governance of the partnership is managed through a monthly Partnership Board and Project Review Meetings, both of which report to the Capital and Growth Board to provide oversight. The Cabinet Capital Projects Working Party provides cross party oversight of capital projects, which includes updates on projects being delivered by the Regeneration Partners.

Bi-monthly meetings of the Investment Management Board were held to provide management oversight of the performance of our investment property portfolio. Work is underway to develop a framework to standardise the measurement of holding or releasing assets.

Regular updates on the Council's counter fraud and anti-corruption arrangements are presented to Audit Committee. Devon Audit Partnership undertook periodic proactive fraud awareness sessions for both officers and members. The Council's anti-fraud arrangements are assessed by the external auditors alongside the Statement of Accounts.

A draft Local Operating Policy for Governance of Council Wholly Owned Companies has been developed. Company boards monitor performance at least quarterly, with the Divisional Director for Economy, Environment and Infrastructure monitoring performance of SWISCo on a day-to-day basis. The Overview and Scrutiny Board review the performance of Wholly Owned Companies annually.

Devon Assurance Partnership's report on the Treasury Management Strategy for 2024/2025 highlighted that there was a lack of governance around group company loans. As a result, additional information in respect of the governance of loans was included in the 2025/2026 Treasury Management Strategy. Work is continuing to ensure that all documentation in respect of loans is collated.

Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

The Council's Constitution has been kept under review 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. Over the course of the year, the Constitution was amended to ensure that it was up-to-date and fit for purpose, with the following sections being updated following consultation with the Council Leadership Group:

- New Local Protocol on Relations between Overview & Scrutiny and Cabinet
- New Local Protocol on Good Governance the Torbay Way – Effective Administration and Opposition Leaders' Agreement and Principles
- Local Protocol on Members' IT
- Local Protocol on Working Parties
- Members' Allowances Scheme
- Officer Scheme of Delegation
- Standing Orders in relation to Council Meetings
- Article 4 – The Council
- Article 11 – Decision Making
- Schedule 4 – Terms of Reference
- Financial Regulations and Contracts Procedures
- Plus various changes throughout the Constitution arising from the Leaders' Agreement and Principles

Regular one-to-one meetings are held between the Chief Executive and the Leader of the Council. The Chief Executive also meets regularly with the Leaders of the other Groups on the Council. Her annual appraisal is undertaken by the Group Leaders. The Chief Executive has regular meetings with the LGA Principal Advisor for the South West, with Peer Challenge opportunities being utilised both within the organisation and as peer members.

As well as the Peer Challenges referenced elsewhere in this Statement in relation to Children's Services and Adult Social Care, the Council also took part in a Corporate Peer Challenge in April 2024. This forms part of the improvement and assurance framework for local government and are recognised as assisting councils to meet their Best Value duty by having such a review at least every five years. The Council published the report from the Corporate Peer Challenge together with the associated Action Plan. Monitoring of the progress against the action plan was undertaken monthly by the Council's Directors, quarterly by members of the Cabinet and twice by the Council's Audit Committee.

The Chief Financial Officer has direct access to all Members, the Chief Executive and senior officers of the Council. Regular discussions are held with the Leader of the Council and the Cabinet Member with responsibility for Finance. Members are briefed on key financial matters with revenue and capital monitoring reports being considered on a quarterly basis.

In 2023/2024 there was a reported increase in the number of complaints received by the Monitoring Officer – this trend continued throughout 2024/2025. Predominantly the complaints received were from councillors against councillors. This reflected some political tensions and resulted in behaviours by some councillors being displayed in a range of meetings and public forums. This has had wider impacts through unfounded and public criticism of Officers which has affected staff morale. A number of breaches of the Code of Conduct for Members were found by the Monitoring Officer, in accordance with the Protocol for the Assessment and Determination of Allegations of Breaches of the Code of Conduct for Members, with one complaint being determined by the Standards Hearing Sub-Committee.

The Independent Person's views and opinions have also been sought on relevant matters relating to councillors' conduct as part of the Complaint Process. Following concerns raised, the Monitoring Officer has also engaged informally with councillors to improve relationships, between councillors and affected officers, and to ensure that the high standard reasonably expected of councillors is maintained and the public's confidence in the Council is upheld.

The Standards Committee met to consider and respond to the open consultation undertaken by the Ministry of Housing, Communities and Local Government on 'Strengthening the Standards and Conduct Framework for Local Authorities in England'.

External support was sourced in order to facilitate discussions within and between political groups. Following its conclusion, the Group Leaders worked together to develop the Group Leaders' Agreement which, together with a set of principles and Constitutional amendments, was agreed by the Council in February 2025.

The Council Leadership Group has met on a regular basis to discuss emerging council business and key topics, Member behaviour and standards, and Constitution amendments. Following Council's adoption of the Leaders' Agreement and Principles, the Council Leadership Group is being reviewed with new internal cross party meetings being introduced which will further enhance the Council's cross party working.

The Council considered the Annual Pay Policy Statement on 6 February 2025.

In relation to adult social care, the Section 75 Executive Group has met regularly to oversee delivery of the adult social care transformation programme. The delivery of delegated services is outlined in the annual Memorandum of Understanding between the Council and Torbay and South Devon NHS Foundation Trust

Torbay is a partner in the Torbay and Devon Safeguarding Adults Partnership as a requirement of the Care Act 2014. This Partnership provides strategic leadership for safeguarding adults across Torbay and Devon.

Torbay Safeguarding Children Partnership has been established under Working Together to Safeguarding Children 2018 (now superseded by Working Together 2023) arrangements since September 2020.

Torbay's Place Leadership Board, a partnership bringing together organisations from across the private, public and civic sectors, is the custodian of the Torbay Story working to champion

investment in support of it. Increasingly it brings together partners to share issues and identify ways in which collaborative responses can lead to better outcomes for the area. The Place Leadership Board will report to the Council's Overview and Scrutiny Board periodically to highlight successes and challenges.

A Torquay Place Leadership Board is being established as a "neighbourhood board" as defined by the Ministry of Housing, Communities and Local Government as part of our Plan for Neighbourhoods (formerly Long Term Plan for Towns).

Issues were identified in the October 2023 Devon Audit Partnership report on Tor Bay Harbour Authority income. This was in relation to the governance of rent reviews and charging arrangements which were managed by TDA on behalf of the department. Recommendations were made that discussions should be held to ensure the Harbour Master is fully updated on why rent reviews are not taking place, any rent review decisions and if charging issues are resolved. In last year's Annual Governance Statement it was noted that the TDA are back in house and that this would aid closer working. Further work is still required to ensure that the Harbour Master is fully updated on any discussions regarding rent reviews before final decisions are made.

The 2023/2024 Annual Governance Statement set out Devon Audit Partnerships July 2023 recommendations in relation to Section 106 and Community Infrastructure Levy (CIL). New governance arrangements and supporting project ownership, monitoring and reporting arrangements have been put in place but given the financial values involved, the Council continues to monitor this issue.

Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

All Members received training on the Code of Conduct within the first weeks following the Local Elections in May 2023 and the new Members Interests Register was completed and published. This training and Member needs arising, is kept under review and implemented in year. The agenda for the Council Leadership Group includes Member behaviour and Good Governance where issues of concern are raised and discussed.

The Monitoring Officer has shared a guide to the role of Councillors on social media to raise awareness of acceptable behaviour and standards for use of social media.

The Council's induction programme signposts new members of staff to the Code of Conduct for Employees and the Whistleblowing and Acceptable Behaviour policies. Reminders are included at regular intervals on the Staff Newsletter.

As explained under Principle 1, directorate performance against our Customer Service Standards is monitored against targets on a weekly basis and escalated as necessary.

Devon Assurance Partnership operates in line with the Public Sector Internal Audit Standards. The Internal Audit Plan is agreed annually by the Director of Finance, Directors' Overview Meeting and the Council's Audit Committee. The Council also receives assurance from the NHS Internal

Audit Consortium over the controls in operation at Torbay and South Devon NHS Foundation Trust. Achievement against the Audit Plan was reported to the Audit Committee on 25 February 2025.

The Council's Constitution includes the Code of Corporate Governance with the statutory governance officers meeting on a regular basis to review governance arrangements. The Council's Assurance Framework has been documented and is currently subject to review.

Mandatory training is undertaken by Councillors every four years and officers annually in relation to information governance and data protection. Regular reminders are issued via the Staff Newsletter on the importance of data protection, the need to report data breaches promptly and the lessons learnt from breaches. The Information Governance Steering Group meets on a quarterly basis to review policy, best practice, organisational change and performance. They also consider and review the risks in relation to cyber security and the Council's wider compliance to Data Protection Legislation.

The Internal Engagement Strategy has continued to be implemented over the course of the year with weekly Staff Newsletters, fortnightly Managers Briefings and monthly Senior Managers and Managers Forums. Regular Ask Us Anything and All Colleagues Briefings are held. Regular staff check-in surveys are also held to gain formal feedback from across the Council. A new action plan is due to be agreed during 2025 following the completion of the latest check-in survey.

Staff are asked to demonstrate how they meet the Council's Core Values at their annual appraisal. All staff have also been involved in discussing whether any changes are required to the Council's Core Values and the results from this engagement will be considered during 2025.

As a result of the Devon Assurance Partnership's 2024/2025 audit of Planning Enforcement a quality assurance mechanism has been put in place within decision making to mitigate the risk to individual officers and the Council in relation to allegations of corruption. No specific planning and enforcement conflict of interest process is in place to address the greater risk posed in these functions. Whilst a corporate conflict of interest procedure is in place, a bespoke procedure or guidance note will be put in place.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

As explained in Principle 2, the Council's Constitution has been kept under review throughout the year. The Constitution allows for any five members of the Council to "call-in" executive decisions to the Overview and Scrutiny Board for further debate. During 2024/25, one decision was called in.

Details in relation to the Council's Wholly Owned Companies are described under Principle 1.

The Local Protocol for Overview and Scrutiny was reviewed taking into account the Statutory Guidance issued in April 2024. The revised Local Protocol was adopted by the Council in September 2024. The training programme for members has been reviewed and enhancements are being rolled out.

Work is continuing on supporting officers across the Council to complete Equality Impact Assessments effectively.

Reports have to be signed off by the relevant Director and the three Statutory Officers (Head of Paid Service, Chief Finance Officer and Monitoring Officer) before being presented to the Cabinet for consideration.

The Commercial Policy, approved by Cabinet on 17 December 2024, sets out how Contract Procedures will be implemented and is underpinned by a wider framework of guidance and training for officers. A new eLearning module Introduction to Procurement was launched in October 2024 and a further module covering Advanced Contract Management was launched in early 2025. A new approach, through an annual declaration, was introduced to identify and mitigate conflicts of interest and maintain confidentiality of procurement information.

The Phase 2 Risk Management Improvement Plan has been delivered over the year, with a risk appetite workshop held for Directors in December 2024. Plans are in place to roll-out risk appetite briefings to members and senior officers during 2025/2026.

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

Health and Safety performance and emerging issues are reported to the Council's Senior Leadership Team on a six-monthly basis. The Chief Executive holds health and safety update meetings on a quarterly basis to discuss trends, performance and emerging issues. Additionally, each month Directors discuss health and safety performance within their service areas, challenging outstanding actions and records on the Assure system.

As a result of Devon Audit Partnership's March 2024 report on the SWISCo Client Role work has been underway to implement a commissioning form for use by Torbay Council staff when commissioning additional SWISCo works. This work needs to be completed and new procurement practices embedded.

Principle 5: Developing the capacity and capability of Members and officers to be effective.

Following a successful and comprehensive Member Induction Programme being delivered in 2023/2024 an outline four-year Member Development Programme was developed taking account of feedback from Members, the Monitoring Officer, Chief Executive, Head of Governance Support and Democratic Services Team Leader to continue to enhance Members' skills throughout their term of office.

The Programme continued to be delivered throughout 2024/2025 using internal and external development opportunities and is supplemented by all Member Briefings on key issues and one to one support as required from the Democratic Services Team Leader. Members were also

encouraged to attend free webinars and events run by the Centre for Governance and Scrutiny and the Local Government Association (LGA). The Opposition Leader took part in LGA Leadership Essentials events on Effective Opposition and the LGBTQ+ Weekender and the Overview and Scrutiny Co-ordinator attended their Effective Scrutiny programme. Scrutiny Members also take part in regional networks to share good practice. Members have worked with Peer Members from the LGA to enhance their knowledge and develop their skills. Experience of the Programme is being used to develop an outline Member Development Induction Programme for 2027 when the next Local Government Elections are scheduled.

Leadership and management training continues to be provided that covers a wide range of core management skills development such as managing performance, leading and developing teams, leading change and managing equality, diversity and inclusion. Our Managers Framework is being piloted in Corporate Services and Public Health, ahead of a planned roll-out across the whole organisation. The Framework aims to ensure that all our managers have a clear understanding of the expectations on them and have the skills and knowledge so that a consistent approach is applied across the organisation.

Over the last year, policies such as the **APP**, Disciplinary, Acceptable Behaviour, Probation, Ways of Working and Managing Attendance have been updated in response to operational and legislative changes. In addition a number of brand new policies have been developed, such as the Neonatal Care Leave policy to reflect the new legal right which came into force on 6th April 2025, and a set of new and updated Equality, Diversity and Inclusion policies which reflect our commitment to inclusive people practices.

The Emergency Planning Team identifies appropriate training and exercise opportunities to develop the capacity and capability of officers who have a strategic, tactical or operational incident management role in an emergency. Training and exercising opportunities are also provided for officers who are responsible for responding to specific types of emergencies or managing high profile events such as the English Riviera Airshow.

Regular one-to-one meetings are held with Cabinet portfolio holders to update, appraise and familiarise them with current and proposed resilience issues at local, regional and national level. Members will also be invited to exercises, training, workshops and other emergency planning service activities where development opportunities arise.

As part of its annual work plan the Emergency Planning Team maintains a training record for Torbay Council staff and elected Members.

The Torbay Way for project management was launched in 2024 and means we have a consistent approach to project management across the organisation, enabling small projects to be run by business units, where they have the capacity and capability, to the same standard as larger corporate projects.

Our People Strategy continues to be implemented with the Chief Executive being the Senior Responsible Officer since July 2024. A review of the membership of the project board has taken place and wider staff engagement is in place to provide opportunities for colleagues to partake.

The Action Plan has been refined to ensure focussed delivery with clear milestones and expectations.

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

The Annual Report of the Overview and Scrutiny Board was considered by the Council on 20 June 2024 and is also published on the Council's website on the Overview and Scrutiny section. We have used social media and the press to encourage people to engage in the work of overview and scrutiny, particularly relating to spotlight reviews on South West Water, dentistry, homelessness and Children and Adolescent Mental Health Services.

Following each engagement event and consultation a report is prepared setting out how we engaged with communities and their feedback. The reports are considered in reaching final decisions. The Engagement and Communications Team continually review what has worked well and where improvements can be made.

As explained in Principle 4, the Equality Impact Assessment template within the reports to decision makers was updated to better assess the impact of Council decisions on people who have protected characteristics and ensure our decisions do not directly or indirectly discriminate.

As explained in Principle 5, the Our People Strategy sets out the key actions needed to help us to build a workforce for the future. The associated set of success criteria that we measure ourselves against includes tracking workforce engagement activities and feedback, and Customer complaints and compliments.

Principle 7: 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.

A new corporate performance report was introduced in 2024/2025 to show the progress being made against the Community and Corporate Plan themes, the priorities in the Council Business Plan and against the Council's performance indicators.

An updated Performance Management Policy was agreed in December 2024 and a Performance Management Improvement Plan is being developed.

Governance frameworks are in place to monitor delivery against the Improvement Plans that are in place in specific Council services. This includes the one-to-ones held between the Chief Executive and her Directors to discuss progress.

The Corporate Asset Management group ensures that our corporate requirements are managed within the estate and that our corporate assets are maintained to ensure a safe working environment for our staff and visitors.

The effective delivery of the Council Redesign Programme is monitored on a monthly basis via a programme board involving senior officers of the Council. At this board meeting, progress is

gauged via monthly highlight reports which give an overview of the health of the projects that make up the programme. Risks and issues related to the programme and its projects are reviewed at the board meeting and are managed accordingly.

The Devon Audit Partnership report on Climate Change (finalised in February 2023) highlighted the need to comply with the National Audit Office good practice guide – Climate Change Risk; a good practice guide for Audit and Risk Assurance Committees. Whilst a comprehensive climate adaptation risk assessment for Torbay Council has been undertaken, a large proportion of this work remains ongoing.

Conclusion

Overall, during the course of the year we have ensured that we are delivering against our agreed action plans in order 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.

Appendix 1: Action Plan

Agreed Action	Responsible Officer	Deadline
Ensure all documentation in respect of loans is collated.	Director of Finance	September 2025
Ensure that discussions taken place between the Estates Team and the Harbour Master in relation to rent reviews.	Director of Pride in Place	December 2025
Review the effectiveness of the governance and supporting arranging in relation to Section 106 and Community Infrastructure.	Director of Pride in Place and Director of Finance	February 2025
Implement new commissioning form for use by Torbay Council staff when commissioning additional SWISCo work.	Director of Pride in Place	September 2025
Implement bespoke conflict of interest procedure or guidance note for Planning Enforcement.	Director of Pride in Place	September 2025

This document can be made available in other languages and formats.
For more information please contact engagement@torbay.gov.uk

Meeting: Audit Committee

Date: 28 May 2025

Wards Affected: All

Report Title: Risk Management Update

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Member Contact Details: Councillor Jackie Thomas, Cabinet Member for Tourism, Culture & Events and Corporate Services, jackie.thomas@torbay.gov.uk

Director Contact Details: Matthew Fairclough-Kay, Director of Corporate Services
matthew.fairclough-kay@torbay.gov.uk

1. Introduction

- 1.1 This report is provided to Members to update them on the Council's current risk position and make them aware of any notable information with regards to the Council's overall risk management arrangements. It is the first of four risk reports that will be presented to Audit Committee for financial year 2025/26.
- 1.2 Since the last report brought to Audit Committee in January, the Phase Two Risk Management Improvement Plan Council has been updated and is attached as Appendix A. The improvement plan sets out where we are in terms of embedding risk management within the Council.
- 1.3 A 5 x 5 risk matrix is used to score the risks, meaning the maximum score a risk could be is 25. All risks that have a mitigated risk score of 16 or above (therefore considered to be high or very high risk for the Council) are detailed in the supporting appendices of this report – Appendix B shows the Council's strategic risks which are scoring 16 or above and Appendix C shows the Council's corporate risks which are scoring 16 or above.
- 1.4 The Council's Risk Management Policy includes a description of the roles and responsibilities in relation to risk management. In respect of Audit Committee, the Policy says:

"Providing assurance that the Council has an effective and proportionate Risk Management Framework in place. As part of this, the committee keeps the council's Strategic and Corporate Risk Registers under review, providing appropriate challenge as necessary."
- 1.5 In practical terms Cabinet members are responsible for considering risks to the organisation in all of their decision making. Discussing relevant risks included on the registers in their one-to-one meetings with Directors and, with their Directors, ensure that action is taken as required.

2. Risk Overview

- 2.1 The Council currently has seven Strategic Risks and 67 Corporate Risks appearing on its risk registers. A full list is attached as Appendix D.
- 2.2 The seven Strategic Risks all have **unmitigated** scores of 16 or above. As at the time of drafting this report, four have **mitigated** scores of 16 and above. These scores have remained high since they were put in place.
- 2.3 44 of the 67 Corporate Risks have **unmitigated** scores of 16 or above. 12 risks have **mitigated** scores of 16 and above.
- 2.4 Risks that have scores of 16 or above highlight that there is a probability that it is likely/almost certain that should the risk occur, it would have a major or critical impact on the business. Below are the risk matrixes for the Council's Strategic and Corporate Risk Registers. They show the number of risks that appear for each score.

Risk Matrix - Mitigated Strategic Risks as at 23 April 2025

	1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost certain
5 - Critical	0	0	0	0	0
4 - Major	0	0	1	3	1
3 - Moderate	0	0	0	1	0
2 - Minor	0	1	0	0	0
1 - Insignificant	0	0	0	0	0

Risk Matrix - Mitigated Corporate Risks as at 23 April 2025

	1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost certain
5 - Critical	0	2	3	3	1
4 - Major	1	7	15	7	1
3 - Moderate	2	5	11	6	1
2 - Minor	0	1	1	0	0
1 - Insignificant	0	0	0	0	0

Strategic Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
ST05	Failure to supply sufficient housing for Torbay's needs	20
ST03	Failure to have good economic growth that allows us to address the needs of the most vulnerable	16
ST04	Failure to set a robust budget and Medium-Term Resource Plan	16
ST09	Failure to adapt to a changing climate	16

Corporate Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
CP17	Placement sufficiency	25
CP05	Failure to comply with Health & Safety legislation	20
CP14	Delivery of SEND	20
CP15	Failure to stabilise the budget for the Higher Needs block	20
CP46	Effective Housing delivery	20
CP06	Failure for our wholly owned companies to comply with H&S, fire, environmental legislation.	16
CP47	Effective delivery of Economic Growth Strategy	16
CP72	Inadequate resources to satisfy the obligations of the Flood and Water Management Act Schedule 3	16
CP73	Failure to adequately undertake proactive improvement works to cliffs and coastal defences	16

CP75	Failure to effectively maintain and invest in our Operational Estate	16
CP82	Risk of Section 106 money not being deployed against priority areas of need & avoid it being repaid	16

3. Risk Reviews

3.1 At the time of writing this report, all risks appearing on the Council's Strategic and Corporate Risk Registers have been reviewed (updated) in accordance with the timescales set out in our Risk Management Framework.

4. Changes to our Strategic and Corporate Risk Registers

4.1 As mentioned in the risk report presented to Audit Committee in February, work took place on reviewing the risks that were appearing on the registers for Torbay Economic Development Company. The Council has now established the below risks onto its corporate risk register. These risks reflect the corporate risks that transferred back to the Council. A suite of service risks has also been established for each service area.

- CP71 - Failure to ensure safe maintenance and compliance of the Council's housing stock
- CP72 - Inadequate resources to satisfy the obligations of the Flood and Water Management Act Schedule 3
- CP73 - Failure to adequately undertake proactive improvement works to cliffs and coastal defences
- CP74 - Failure to effectively maintain Council Heritage Assets
- CP75 - Failure to effectively maintain and invest in our Operational Estate
- CP76 - Failure to adequately maintain and invest in our Community Assets
- CP77 - Failure to effectively achieve commercial income targets from the Council's let estate within Torbay
- CP78 - Failure to effectively achieve the commercial income targets from the Council Investment Portfolio

4.2 In addition to the above, Directors have also approved the adoption of the below new risks onto the Council's corporate risk register.

- CP80 - Insufficient capacity, resourcing and engagement with change agenda
- CP81 - Failure Of Liquid Logic Software System
- CP82 - Risk of Section 106 money not being deployed against priority areas of need & avoid it being repaid
- CP83 - Local Government Reorganisation – Attached as Appendix E for members information
- CP84 - Failure to adequately maintain Torbay's Public Highway Asset to ensure a safe and effective network

4.3 Following on from the Director's away day, where they collectively reviewed all the risks appearing on the strategic and corporate risk registers, the below changes have been made.

Risks that have been permanently removed:

- CP27 Failure to respond adequately to the fuel crisis or similar events affecting the most vulnerable
- CP33 Lack of effective project management
- CP56 Failure to meet Care Act 2014 section five (one)
- CP65 Failure to comply with the grant conditions for the Youth Investment Fund
- CP81 Council Redesign - Our Organisation Project Overall Risk
- CP82 Council Redesign - Our People Project Overall Risk

4.4 Strategic risk ST08 Operational or governance failure of our wholly owned companies has been de-escalated and a revised risk established on the corporate risk register entitled CP79 Not delivering the anticipated benefits of integrating TDA and Torvista back into Council management.

4.5 Corporate risks that have been de-escalated off the corporate risk register onto service risk registers include:

- CP31 Failure to administer and pay housing benefit accurately & promptly
- CP18 Demand on services outstrips resource and budget
- CP26 Failure to deliver mandated public health services
- CP54 Delivery of satisfactory beach and coastal services

5.0 Risk Notes & Keys

5.1 As requested by members of Audit Committee at their meeting in February, the Performance and Risk Manager raised with Directors the need to include more details in the risk notes. Guidance was drafted and shared with Directors, published in the managers briefing newsletter and sent directly to risk completion officers for all strategic and corporate risks.

5.2 In addition to the above a key has been added into all our risk reports to provide the reader clarity over the terminology and symbols used.

6.0 Recommendation(s) / Proposed Decision

(i) That the report be noted, and Audit Committee identify any issues it wishes to raise relating to the risks in Appendices B, C, D, E and F.

Appendices

Appendix A: Phase Two Risk Management Improvement Plan V5 20th March 2025

Appendix B: Torbay Council's Strategic Risks Detailed Report (16 and above)

Appendix C: Torbay Council's Corporate Risks Detailed Report (16 and above)

Appendix D: Torbay Council's Strategic and Corporate Risk Registers

Appendix E: CP83 - Local Government Reorganisation

Background Documents

Report clearance:	This report has been reviewed and approved by:	Date:
Chief Executive	Anne-Marie Bond	

Monitoring Officer	Amanda Barlow	
Director Of Finance Officer	Malcolm Coe	
Director Of Corporate Services	Matthew Fairclough-Kay	24 Apr 25

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Risk Management Improvement Plan – Phase 2 Schedule

Key dates – 1 st April 2024 to to 31 st December 2025				Version 7.1 – 12 May 2025
Date	Activity	Description	Responsible Officer	Status
June / July 2024	Establish SWISCo's service risk register	Carry out a risk identification workshop with SWISCo's management team to support the identification and creation of their service risk register.	Eve Bates & Melissa Nicholson	Complete
August / September 2024	Service risk position	Review Service Risks – ensure every service have their current service (operational) risks on SPAR.net and these are being reviewed regularly. Provide an annual update to DOM on the Council's service risk position, highlighting risks with high scores and consider escalation onto the corporate register.	Eve Bates & Melissa Nicholson	Complete
August / September 2024	SWISCo service risk forms	Support the Managing Director of SWISCo to review and finalise their service risk forms.	Eve Bates & Melissa Nicholson	Complete
August / December 2024	TDA / TorVista risk transfer	Review the risk registers for TEDC and TorVista and track the deletion and transfer of risks (agree with DOM). Identify, set up and train staff on the Council's risk management framework and SPAR.net.	Eve Bates & Melissa Nicholson	Complete
September 2024	Service Risk Position (scores 16 and above)	Review Service Risks – ensure every service have their current service (operational) risks on SPAR.net and these are being reviewed regularly. Provide an annual update to DOM on the Council's service risk position, highlighting risks with high scores and consider escalation onto the corporate register.	Eve Bates	Complete
September / October 2024	Set up SWISCo's service risks and train officers on SPAR.net	Set up SWISCo's service risks on SPAR.net. Set up and train all new Risk Completion Officers on how to use and update their risks on SPAR.net.	Eve Bates & Melissa Nicholson	Complete

September / December 2024	New risks identified for TDA service risks	Support managers in drafting/finalising their risk forms for each of the new corporate and service risks.	Eve Bates	Complete
September / December 2024	New risks identified for TDA service risks	Support managers in drafting/finalising their risk forms for each of the new corporate and service risks.	Eve Bates	Complete
September / December 2024	Establish risk registers for wholly owned companies: TorVista and CASE	Work with the Director of TDA to establish a risk register for TorVista that is set up and effectively reviewed and managed on SPAR.net. Consider if/what new PowerBI reports are needed.	Eve Bates	No longer required
October 2024	Convert risk guides into HTML format	Work with Web Team to create an accessible version of the risk guides to ensure all documents within the framework are accessible.	Melissa Nicholson	Complete
October 2024	Revise risk policy	Based on DAP's recommendations 1.4, 1.9, 2.7 consideration and decisions on approach need to be given and incorporated into the policy. To include: consistency on a balanced risk approach, target risk scores/risk appetite, target dates and updates on roles/responsibilities. Share revised policy for adoption with DOM and CAD. Share with Audit Committee for information at their next meeting.	Eve Bates & Kate Spencer	Complete
November 2024	Review of the Council's risk registers – escalation & de-escalation	Review of risks appearing on the risk registers - Prepare a report for DOM that focuses on reviewing if the right risks are appearing on the correct registers. This report focuses on escalating and de-escalating of risks as a one off piece. Escalating and de-escalating always takes place throughout the year.	Eve Bates	Complete
November 2024	Need to establish a process for contract risks to be incorporated and reported	New process included in revised Risk Management Policy. Discussion held with Ben Simpson to establish any training requirements and ensure the service is actioning which risks need to be on SPAR.net.	Eve Bates / Tracey Field	Complete
November / December 2024	Risk appetite workshop	Contact Tony Rose to discuss and agreed an approach to embedding risk appetite into our risk management. Request training/workshop session for DOM.	Kate Spencer & Eve Bates	Complete

November 2024 – January 2025	Consider the Council’s approach to fraud risks	New process agreed with Rachel Worsley and Power BI report created for Fraud Risk Register.	Eve Bates & Melissa Nicholson	Complete
December 2024	Wholly owned companies risk position report for DOM	Review Wholly Owned Companies Risk Registers – Prepare a report for DOM that focuses on the wholly owned companies risk registers, risk position and any notable actions that are needed.	Eve Bates	Complete
December 2024	Where to record target scores on SPAR.net	Liaise with Regional Risk Managers to understand where they hold and report their target risk score information.	Eve Bates	Complete
2024/2025	Review risk framework documentation with DOM	Review all risk documentation and advise Directors of any updates. (To include rename of DAP to Devon Assurance Partnership).	Eve Bates & Melissa Nicholson	Complete
January 2025	Annual Risk Management Plan	Create annual plan / checklist that captures current actions that support the delivery of the Council’s risk management function.	Eve Bates & Melissa Nicholson	Complete
December 2024 – January 2025	Risk appetite workshop – post session actions	Notes and actions shared with Directors and EB.	Kate Spencer	Complete
January – February 2025	Risk appetite workshop – post session actions	Action the identified changes needed to strategic and corporate risks	Eve Bates	Complete
January – April 2025	Risk appetite workshop – post session actions	DOM to finalise and agree appetite statements and set optimal and tolerable risks scores for all strategic and corporate risks.	Eve Bates	In Progress
January – April 2025	Risk appetite workshop – post session actions	Formulate and establish the process on how to embed statements into the governance decision making processes	Kate Spencer	In Progress
January – April 2025	Risk appetite workshop – post session actions	Risk appetite statements and processes finalised and agreed by Cabinet.	Kate Spencer	In Progress
March 2025	Risk appetite workshop – post session actions	Revise SPAR.net system so it can record category information (changes required to existing PowerBI reports which currently uses the field required which needs switching so reports pull using the Prefix field instead)	Eve Bates / Melissa Nicholson	Complete

March 2025	Risk appetite workshop – post session actions - Category Information	SPAR.net system category information added.	Melissa Nicholson	Complete
April 2025 onwards	Risk appetite workshop – post session actions	Revise Power BI reports and establish new categories report. Ensure reports include new columns to include optimal risk scores and tolerable scores.	Eve Bates & Melissa Nicholson	In Progress
April 2025 onwards	Set optimal risk scores and tolerances for all strategic and corporate risks. (These need to align with the appetite statements)	Directors to set target risk scores for all their strategic and corporate risks. These need recording on SPAR.net. Consider which PowerBI reports need amending to include this information.	Kate Spencer & Eve Bates	
April 2025 onwards	Record optimal risk scores for all strategic and corporate risks on SPAR.net	Update strategic and corporate risks on SPAR.net with these details.	Melissa Nicholson	
April 2025 onwards	Set optimal risk scores for all service risks	Create PowerPoint and train all managers on risk appetite and tolerance. Create training on risk appetite and tolerances and update SPAR.net accordingly. Set a deadline to have target risk scores input on SPAR.net.	Eve Bates & Melissa Nicholson	
January – March 2025	Consider the Council's approach to programmes & projects	New process included in revised Risk Management Policy.	Kate Spencer	In progress
April 2025	Consider the Council's approach to climate risks	Consider the Council's approach to climate risks and how these should be managed.	Eve Bates	Complete
October 2025 onwards	Opportunity risks	Consider the Council's approach to 'opportunity risks' and establish a process to be incorporated into our risk framework. (This needs to include a scoring process and where to hold these risks within SPAR.net). Agree the adoption of the new process with DOM. Share for information with Audit Committee.	Eve Bates	In Progress
December 2025	Risk appetite workshop – post session actions	Annual testing process and workshop content agreed.	Eve Bates	

Risk Code: ST03	Failure to have good inclusive economic growth	Accountable Officer: Alan Denby, Anthony Payne, Eve Bates
Unmitigated Score: Very High (25)	Description: Insufficient economic growth to address Torbay's inequality, poor skills, poor productivity and competitiveness leading to worsening the loss of working age population and an increase in the resident population living in deprived areas.	Risk Completion Officer: Carl Wyard, Lisa Tuck
Mitigated Current Score: High (16)		Last Review Date: 10/04/2025
Current Direction of Travel: 		Identification Date: 30/04/2023
Previous Direction of Travel: 		Previous Date of Change: 14/02/2024
Mitigation status:	Mitigation:	
Action ongoing	Deepen relationship with partner organisations	
Action ongoing	Deliver more affordable homes SPD	
Action ongoing	Deliver the town centre regeneration programmes	
Action needed	Develop & deliver an appropriate Economic Growth Strategy	
Action ongoing	Develop working relationships with key businesses, developers and landowners	
Action ongoing	Performance data	
Action ongoing	Public Health prevention	
Action ongoing	Review and update Local Plan	
Action ongoing	Secure additional investment	
Action ongoing	Social Value Principles	
Action ongoing	Support the continued development of the hi tech sector in Torbay	
Action ongoing	Supporting people with disabilities and LTC into work	
Latest Note:		
<p>A particular challenge everywhere, but in particular for coastal towns.</p> <p>A range of structures and activities are in place to help address this challenge. The emerging CCA will be a key potential strategic partner.</p> <p>At the Torbay level, The Place leadership Board for example brings together various sectors such as education providers, business and other sectors to collectively work together. The recent Neighbourhood Plan announcement (£20M over 10 years) is a key opportunity.</p> <p>The Councils' Hotels to Homes project continues with the second purchase of a former hotel which will provide further affordable housing. Provision of affordable housing within the Council's regeneration projects will further assist in both Torquay and Paignton and the development at St Kilda's is progressing well which will provide affordable housing for older people in Brixham.</p> <p>Community wealth building work continues. Following the recent workshop with the CWB Board we will be refocussing strategic objectives for CWB. A paper will be coming to SLT / DOM seeking agreement for CWB to become a corporate priority for Torbay Council.</p> <p>We continue to strengthen the growth in the creative industry sector. A recently formed creative industries steering group made up of creative industries from across the bay, are developing an action plan to support the strategic growth of the sector.</p> <p>Relationships with partner organisations will be deepened through formal governance review and implementation of Torbay Place Leadership Board and the Torquay Leadership Place Board. The boards will be in place April 2025 with a Cabinet paper May 2025.</p> <p>Reviewing the account management programme during 2025/2026 and inward investment marketing campaign, materials and website.</p> <p>Work continues to develop the connect to work programme. This is a DWP initiative with Devon County Council as the accountable body. Torbay will be commissioning the support needed to deliver this programme.</p>		

Risk Code: ST04	Failure to set a robust budget and Medium-Term Resource Plan	Accountable Officer: Malcolm Coe
Unmitigated Score: Very High (25)	Description: There have been real term cuts in local authority budgets year on year since 2010. This, along with significant increases in demand for adult and children social care, and high inflation, has resulted in annual budget setting becoming more and more challenging.	Risk Completion Officer: Malcolm Coe
Mitigated Current Score: High (16)		Last Review Date: 08/04/2025
Current Direction of Travel: 		Identification Date: 30/04/2023
Previous Direction of Travel: 		Previous Date of Change: 08/04/2025
Mitigation status:		Mitigation:
Action ongoing	Delivery of the Safety Valve improvement plan	
Action ongoing	Medium Term Resource Planning (MTRP)	
Action ongoing	Re-assess and revise the Council's Capital Investment Plan	
Action ongoing	Re-negotiation of ICO (integrated adult social care) contract	
Latest Note: The MTRP was reviewed as part of the 25/26 budget setting with fairly modest funding gaps shown for future years. The new 5 year ICO contract commenced in April 2025 - although financial pressures within Health still make this arrangement vulnerable. The latest (DSG) Safety Valve return indicates that the Council will fall short of its year end financial target which causes a risk moving forwards.		

Risk Code: ST05	Failure to supply sufficient housing for Torbay's needs	Accountable Officer: Alan Denby, Anthony Payne, Eve Bates
Unmitigated Score: High (20)	Description: Insufficient housing development to meet Torbay's need for suitable housing to meet local needs and anticipated population growth (including economic growth and affordable housing). The absence of a housing supply may also increase the risk of the Council having to accept development in areas that are less desirable.	Risk Completion Officer: David Edmondson
Mitigated Current Score: High (20)		Last Review Date: 11/04/2025
Current Direction of Travel: 		Identification Date: 30/04/2023
Previous Direction of Travel:		Previous Date of Change:
Mitigation status:	Mitigation:	
Action ongoing	Brief members to increase political support & raise awareness of wider consequences of low growth	
Action ongoing	Brownfield regeneration	
Action ongoing	Delivery of appropriate regeneration sites particularly those linked to Town Deal and Future High St	
Action ongoing	Ensure appropriate figures for Housing numbers are in the revised Local Plan	
Action ongoing	Ensure Neighbourhood Plans are in place and supported	
Action ongoing	Evidence base (Housing Need)	
Action ongoing	Evidence base (Planning)	
Action completed	Housing Strategy	
Action ongoing	Housing strategy Action Plan	
Action ongoing	Land supply	
Action ongoing	Liaise with Government organisations	
Action needed	Partnership working	
Action ongoing	Planning Service Fit for the Future Project	
Action ongoing	Relationship with landowners and developers	
Action ongoing	Review 106 agreements and implement tighter planning controls	
Action needed	Review structure	
Action ongoing	Unlock stalled sites	
Latest Note:		
Two new staff members started (Housing Delivery Manager & Affordable Housing Manager) enhancing capacity to support delivery of housing across the Bay.		
Strategic briefing provided to whole of Cabinet on the opportunities and challenges associated with housing delivery and the type and role of affordable housing options to support housing growth enabling re-development of brownfield land in particular and key regeneration sites.		
Numerous meetings with land owners on Hotels to Homes Project and general redevelopment for housing opportunities. Positive messages about the Council being pro-active.		
The Local plan sites work continues to identify potential sites to meet housing need numbers. This continues to be extremely challenging in light of the revised significant upward targets set by government.		

Risk Code: ST09	Failure to adapt to a changing climate	Accountable Officer: Alan Denby, Anthony Payne, Eve Bates
Unmitigated Score: High (16)	Description: Our climate is changing. We need to prepare for this. We need to understand where Torbay is currently vulnerable to weather events, and where we may be at risk in the future. Failure to review and plan for this will result in a range of negative economic, social and environmental impacts for the Council and wider Torbay area.	Risk Completion Officer: David Edmondson
Mitigated Current Score: High (16)		Last Review Date: 11/04/2025
Current Direction of Travel: 		Identification Date: 22/01/2024
Previous Direction of Travel:		Previous Date of Change:
Mitigation status:	Mitigation:	
Action ongoing	Flood defences	
Action ongoing	Local Plan Policies	
Action completed	Review the Devon, Cornwall and Isles of Scilly Consultation Draft Adaptation Strategy	
Latest Note: Council Climate Action Plan latest iteration approved at Cabinet in March, with new actions and priorities. Torbay Council Officers continue to take a lead role in the Torbay Climate Partnership and facilitating the group and driving forward the Bay Wide Actions of the Greener Way for the Bay Framework & Action Plan. Further funding agreed for PV feasibility on Council Assets and new EV vehicles. One purchased, two more coming. Work continues on the revised Climate related Local Plan Policies and may go ahead of the Reg 18 Consultation with an SPD as an alternative to get policies in place as soon as possible. The Preston & Paignton Sea defence works due to start later this year.		

Report Key

Risk Code – the unique number assigned to every risk

Title – summarises the risk

Accountable Risk Officer - has overall responsibility for the risk

Risk Completion Officer - is responsible for updating the risk

Last Review Date – the date the risk was last reviewed (updated) on SPAR.net

Identification Date – the date the risk was approved by DOM and set up on SPAR.net

Previous Date of Change - the date the risk score changed from a previous score

Unmitigated Score – is the risk score before any controls are applied

Mitigated Current Score – is the current risk score with controls applied

Current Direction of Travel - Indicates the current score movement against the last review score.

Increased in score from the previous review 

Decreased in score from the previous review 

Score stayed the same 

Previous Direction of Travel - Indicates the direction of travel when the risk score last changed.

Increased from a lower score 

Decreased from a higher score 

Mitigation – the controls in place being used to manage or respond to the risk

Mitigation Status - states if the controls are working

Latest Note – details the current position of the risk mitigations, progress and any challenges being faced

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Risk Code: CP05	Failure to comply with Health & Safety legislation	Accountable Officer: Matt Fairclough-Kay
Unmitigated Score: High (20)	Description: Health and Safety is a legislative requirement that is enforced by the Health and Safety Executive (HSE). The HSE intervenes when the organisation is found to be in failing in its management of health and safety (in contravention HSG 65). Routine and periodic inspections of systems are required on ASSURE (the council's health and safety software management system). Likewise, incidents are required to be reported and investigated in accordance with the council's policies and procedures. From the 1st of July 2024, the assets which were previously managed by TEDC have transferred back to the Council and are now under direct control. Some of these assets have given cause for concern due to recent near misses, therefore, the risk scoring will need to raise.	Risk Completion Officer: Dave Walker
Mitigated Current Score: High (20)		Last Review Date: 28/03/2025
Current Direction of Travel: 		Identification Date: 23/11/2022
Previous Direction of Travel: 		Previous Date of Change: 06/12/2024
Mitigation status:	Mitigation:	
Action ongoing	Adequate Health and Safety resources available	
Action ongoing	Auditing of Assets	
Action ongoing	Development and maintenance of ASSURE health and safety system	
Action ongoing	Policies and procedures in place	
Action completed	Review of Asset Management	
Action needed	Risk Assessments	
Action ongoing	Systems and procedures	
Action needed	Up take of Health and Safety training	
Latest Note: Policies and procedures continue to be reviewed as part of ongoing 3 yearly cycles and the integration of TEDC. Despite the provision of sufficient training capacity for core Level 2 and Level 3 H&S qualifications, uptake remains poor within a particular Directorate and this is mirrored in staff awareness of related H&S policies and procedure. The Health and Safety "Control of Contractors" policy is due to be circulated for consultation in the next 2 months, and once implemented this will make the required controls and monitoring for contractors clear, improving H&S performance. Engagement across a number of service areas remains poor with outstanding actions and incidents on the Assure system and an absence of required Display Screen Assessments for staff using IT regularly. This challenging culture is also seen within attendance at the Torbay Council H&S working group with some areas attending sporadically, impacting delivery of key H&S messaging.		

Risk Code: CP06	Failure for our wholly owned companies to comply with H&S, fire, environmental legislation.	Accountable Officer: Matt Fairclough-Kay
Unmitigated Score: High (16)	Description: It is vital that the Council oversees the delivery of health and safety within all our wholly owned companies.	Risk Completion Officer: Dave Walker
Mitigated Current Score: High (16)		Last Review Date: 28/03/2025
Current Direction of Travel: 		Identification Date: 30/03/2023
Previous Direction of Travel: 		Previous Date of Change: 05/03/2025
Mitigation status:	Mitigation:	
Action ongoing	Adequate Health and Safety resources available	
Action ongoing	Auditing of Assets/Sites	
Action ongoing	External Liaison	
Action completed	H&S Training	
Action ongoing	Health & Safety Management Auditing	
Action ongoing	Policies and procures in place	
Action ongoing	Reporting of H&S	
Latest Note: Internal H&S auditing and support due to be undertaken in April and May 2025 will indicate any outstanding significant areas of concern. The H&S Officer on site is due to complete relevant H&S qualifications in July 2025 which will further mitigate any staffing resource concerns. Significant work has been undertaken in terms of induction and site improvements at Borough Road which will further mitigate H&S concerns over the coming months. Auditing of existing systems and processes in relation to Hand Arm Vibration, Lifting Equipment and Local Exhaust Ventilation is scheduled for 2025. Auditing is required to identify any H&S gaps within Tor Vista Homes in policy, procedures and reporting. This is scheduled for Summer 2025		

Risk Code: CP14	Delivery of SEND	Accountable Officer: Nancy Meehan
Unmitigated Score: Very High (25)	Description: The Local Area is required to deliver high quality SEND services in line with SEND Code of Practice 0 – 25 years – January 2015. In November 2021 the Local Area was inspected by Ofsted and CQC on the effectiveness of delivering the SEND duties. The Local Area was found to have significant areas of weakness in the area’s practice and as such required a written statement of action to be created and enacted to improve practice.	Risk Completion Officer: Lisa Chittenden
Mitigated Current Score: High (20)		Last Review Date: 22/04/2025
Current Direction of Travel: 		Identification Date: 30/03/2023
Previous Direction of Travel: 		Previous Date of Change: 17/05/2023
Mitigation status:	Mitigation:	
Action ongoing	Internal controls	
Action ongoing	Networking / best practice	
Action ongoing	P1 - Joint Commissioning	
Action ongoing	P2 – SEND Strategy	
Action ongoing	P3 – Cultural change	
Action ongoing	P4 – Joint working	
Action ongoing	P5 – Graduated response	
Action ongoing	P6 – Becoming an adult	
Action ongoing	P7 – Quality assurance and community engagement	
Action ongoing	Written Statement of Action for SEND Improvement	
Latest Note:		
<p>The progress of our Written Statement of Action continues to be tracked and governed through our SEND Board and DFE Monitoring Visits. Risks and issues are identified through this process. Current risks are: resilience of all agencies to respond and systems changes need to ensure joint commissioning and financial contributions across agencies. The impact on children and young people although starting to change, is not felt widely enough across the system at this stage. The Graduated Response has been widely communicated however the impact on the Requests for Statutory Assessment (RSA) is not yet being seen in the number of referrals received. A high rate of refusal is still seen at the panel, on average 40%. As per the last update from the DCS we are still seeing our data going in the wrong direction with a huge increase in RSAs which impact on the Education Health and Care Plan projection. We have a high refusal rate and also a number which are going to tribunal, with the tribunal timescales being shortened to a 10 week turn around.</p> <p>Recently an LGA review has determined that our governance of our SEND improvement work should be stripped back to focus on key areas. Our new Self Evaluation Framework and Local Area Improvement Plan will now drive the future improvement work.</p> <p>A SEND LGA Peer review took place take place in November 2024 and feedback from this (due early 2025) will be used to further support the planning for the next SEND inspection.</p> <p>The inspection commenced on the 03/03/25 - we are awaiting the final outcome and as such further updates to this risk and the associated mitigations will be provided in due course - we cannot update further at this time.</p>		

Risk Code: CP15	Failure to stabilise the budget for the Higher Needs block	Accountable Officer: Nancy Meehan
Unmitigated Score: Very High (25)	Description: The Higher Needs Block of the Dedicated Schools Grant continues to be overspent. The forecast year end overspend (2022/23) is £2.716m with a cumulative deficit of £11.715m. The Higher Needs Block provides funding to education provisions through the provision of additional support either through identification at SEN K or through the provision set out in an Education Health and Care Plan. The identification of need and the demands on the budget are currently not aligned to the budget received on annual basis. The deficit position of the budget is currently supported by a National Statutory Override, this mechanism is in place for the next three years and provides a way of the Council accounting for the deficit, however this does not address the deficit budget position. In February 2022 Torbay were invited to take part in the Safety Valve programme. The aim of the programme is to agree a package of reform with the DfE and approved by the Secretary of State to implement a DSG Management Plan of the high needs system that will bring the dedicated schools grant (DSG) deficit under control by reducing the spend on the high needs budget by 26/27. Torbay were notified on 14.3.2023 that the Secretary of State had approved the proposals and as a result will support Torbay financially with the HNB deficit on the basis we can implement robustly the proposals within the DSG Management Plan. Torbay will be subject to 3 times a year monitoring visits as part of the scrutiny.	Risk Completion Officer: Lisa Chittenden
Mitigated Current Score: High (20)		Last Review Date: 22/04/2025
Current Direction of Travel: 		Identification Date: 30/03/2023
Previous Direction of Travel: 		Previous Date of Change: 17/05/2023

Mitigation status:	Mitigation:
Action ongoing	Ceasing and reviewing Education Health and Care Plans
Action ongoing	Control – Contributions from agencies
Action ongoing	Control – Higher Needs Review Group
Action ongoing	Control – IPOP panel
Action ongoing	Control – SEND Board and Continuous Improvement Board
Action ongoing	Early intervention and Prevention
Action ongoing	Implement the DSG Management Plan
Action ongoing	Learn from Best Practice
Action ongoing	Performance data
Action ongoing	Safety Valve
Action ongoing	Workforce Development Programme

Latest Note:
The Safety Valve (SV) agreement came into place on 17th March 2023 providing the deficit budget position to be funded, subject to the ongoing delivery of the SV terms and conditions of the agreement. Four submissions of the progress made towards the Safety Valve have been provided to the Education and Skills Funding Agency. The financial position of the Dedicated Schools Grant reported to School Forum in November 2023, demonstrates that the budget is aligned to the outturn position of the Safety Valve, however there are significant pressures and risks as the demand for Education Health and Care Plans is not reducing and the number of plans that are able to be ceased is slowing. We have inputted some mitigations to try to reduce the number of Requests for Statutory Assessment (RSA) such as early Next Steps Meetings prior to RSAs and a robust and rigorous No to Issue standing at approximately 43% of RSAs submitted. However, the rate of which the RSAs are being submitted is currently 50% higher than our target of 15 per month. We have received payment for our August and November 2024 submissions. There is a continued and high risk to not meeting our May 2025 target given the pressures explained above as well as a new risk which has been presented to us recently by the DfE when we have tried to change our special school commissioned numbers to meet our Safety Valve agreement. It seems that DfE policy is that with no agreement on changing commissioned numbers these revert back to the previous year; we are unable to revert back as the school in question is refusing to admit children outside of their designation. Therefore in affect this amounts to a potential additional £250k spend being forced upon us by DfE policy. This has been escalated both to the DfE and through our legal teams.

Risk Code: CP17	Placement sufficiency	Accountable Officer: Nancy Meehan
Unmitigated Score: Very High (25)	<p>Description: The Children’s Social Care Market Study, undertaken by the Competition and Markets Authority and published in March 2022 found that there were a lack of available placements of the right kind and in the right places, which inevitably leads to some children not consistently accessing the care and accommodation that meet their needs. In addition, the largest private providers of placements are making materially higher profits, and charging materially higher prices, than would be expected if this market were functioning effectively. Taken together with a regional challenge in the South West which highlights that there was only 85 more local authority approved placement in July 2022 than in 2018 providing less than half of the required places for cared for children and fifteen fewer approved fostering households available through Independent Fostering Agencies. (Source The South West Market Position Statement, 13 July 2022), it constructs a care system landscape under significant stress in trying to respond to the needs of children and young people. Consequently, symptoms of the aforementioned stress are starting to become evident. For example, providers have reported an increase in the use of residential provision for younger children. Further description: The South West Sufficiency Project data collection, shows a marked increase in the number of children aged under 11 placed in residential provision (across the South West, 493 children aged 5-10 years of age were placed in residential provision in 2018/19, 635 in 2019/20 and 647 in 2020/21). Whilst Torbay has not mirrored this trend, the increased use of this provision for younger children, likely driven by the aforementioned fostering sufficiency challenges, has led to insufficient availability of matched residential provision, especially for those children subject to criminal exploitation and contextual safeguarding risks and associated trauma-related needs. This trend and Torbay’s use of residential solutions and the reasons for doing so will continue to be closely monitored.</p>	Risk Completion Officer: Lisa Chittenden
Mitigated Current Score: Very High (25)		Last Review Date: 22/04/2025
Current Direction of Travel: 		Identification Date: 30/03/2023
Previous Direction of Travel: 		Previous Date of Change: 05/12/2023
Mitigation status:		Mitigation:
Action ongoing	DFE funded Regional Fostering Recruitment Hub	
Action ongoing	Enhanced placement planning	
Action ongoing	Former Foster Carer SGO scoping	
Action ongoing	Mockingbird	
Action ongoing	Parent and Child Placement	
Action completed	Resilience carers	
Action ongoing	Training	
Latest Note: This has been reviewed in light of the continued issue in relation to national placement sufficiency. Both the Fostering in England 2024 data and recent media attention and the ambition set out in 'keeping children safe and helping families thrive' in relation to the cost of care evidence the significant challenges which are impacting on placements at this time, hence likelihood set at 'almost certain'. There continues to be a risk to the placement budget by virtue of some of these pressures. There is a huge pressure due to the independent market requesting huge increases in the cost for children already in their care which we are limited in influencing. There is a real concern about cost and there are challenges with receiving any health budget - as such this remains as a score of 25.		

Risk Code: CP46	Effective Housing delivery	Accountable Officer: Alan Denby, Anthony Payne
Unmitigated Score: High (20)	Description: That the Council fails to ensure delivery of an appropriate breadth and scale of housing to meet Torbay's needs. This means that there will be insufficient housing to meet the requirements of Torbay's communities for the overall number of properties, their size and affordability. There will also be impacts on the Community & Corporate plan should the risk be borne out.	Risk Completion Officer: David Edmondson
Mitigated Current Score: High (20)		Last Review Date: 11/04/2025
Current Direction of Travel: 		Identification Date: 21/06/2023
Previous Direction of Travel: 		Previous Date of Change: 05/07/2024
Mitigation status:	Mitigation:	
Action ongoing	Confirmation of the Council's role in housing delivery.	
Action ongoing	Creation of a Housing Delivery Plan	
Action ongoing	Deliver Housing Delivery Plan	
Action ongoing	Delivery of the Housing strategy action plan	
Action ongoing	Delivery of the Town Centre regeneration programme	
Action ongoing	Development of relationship with Homes England	
Action completed	Development of the Strategic Housing Board	
Action completed	Prepare Housing Delivery Plan	
Action ongoing	Releasing Council land assets including greenfield allocated sites	
Action ongoing	Staff resources	
Latest Note: Two new staff members settling in (Housing Delivery Manager & Affordable Housing Manager) enhancing capacity to support delivery of housing across the Bay. Strategic briefing provided to whole of Cabinet on the opportunities and challenges associated with housing delivery and the type and role of affordable housing options to support housing growth enabling re-development of brownfield land in particular and key regeneration sites. Numerous meetings with land owners on Hotels to Homes Project and general redevelopment for housing opportunities. Positive messages about the Council being pro-active. The Local plan sites work continues to identify potential sites to meet housing need numbers. This continues to be extremely challenging in light of the revised significant upward targets set by government. Further work on Housing Delivery Plan actions needed.		

Risk Code: CP47	Effective delivery of Economic Growth Strategy	Accountable Officer: Alan Denby, Anthony Payne
Unmitigated Score: High (20)	Description: The council has a responsibility to promote economic wellbeing within Torbay, this includes the facilitation and enabling of business survival and growth, employment opportunities for local people and an increase in the level of productivity. The Economic Growth Strategy outlines the councils' strategic plans to achieve these objectives and defines how delivery will help to tackle climate change and protect and enhance the natural environment of Torbay.	Risk Completion Officer: Carl Wyard, Lisa Tuck
Mitigated Current Score: High (16)		Last Review Date: 16/04/2025
Current Direction of Travel: 		Identification Date: 22/06/2023
Previous Direction of Travel: 		Previous Date of Change: 30/12/2023
Mitigation status:	Mitigation:	
Action needed	Budget & Prioritisation	
Action needed	Delivery plan monitoring/project and programme structure	
Action ongoing	Improve innovation and growth ecosystem in Torbay, with partners	
Action ongoing	Improve the business strategic voice	
Action ongoing	Relationship with DLUHC and Government	
Action needed	Secure medium term supply of employment land	
Latest Note:		
<p>The strategy to expand Torbay's Innovation growth ecosystem, is centred to ensure grow on space is available for high value job business growth and a flow through of the business pipeline created by the EPIC centre and our start up support programmes. A major risk to this, and the funding from the LUF, is the Council's ability to secure the land for the Torbay Tech Park development. A decision on the preferred site is needed at May's Capital & Growth Board meeting.</p> <p>The Economic Growth Action Plan reflects the Council's ambitions to establish Torbay as a Photonics and Hi-Tech Coastal Innovation District with an effective ecosystem that supports growth into Regional, National and Global markets. Work to engage Connected Places Catapult to support development of this work is planned for 2025/2026. Links between education providers and Torbay Hi-Tech businesses continue to provide bespoke training and skills into the sector.</p> <p>To proactively facilitate business and employment growth, publishing and marketing land and vacant units in Torbay is vital, due to the lack of land available with good infrastructure and accessibility. Developers are seeking land in the South West, however good infrastructure is a key consideration for investors. By identifying and securing land on key sites, funding can be sought to close viability gaps for business developments. Lack of business growth and inward investment can be mitigated by extending the list of sites owned by the Council and 'shovel ready' in terms of developing their infrastructure.</p> <p>With the recent establishment of Torbay Chamber of Commerce, Combined County Authority Business Advisory Group, and the Torbay Place Leadership Board there are mechanisms in place where business voice and insights are captured, analysed and discussed.</p> <p>KPIs were reviewed at the start of 2024. The Action Plan is currently being refined for DOM approval. Once approved, the Action Plan KPI dashboard will be updated.</p>		

Risk Code: CP72	Inadequate resources to satisfy the obligations of the Flood and Water Management Act Schedule 3	Accountable Officer: Alan Denby, David Carter
Unmitigated Score: High (20)	Description: The Flood and Water Management Act Schedule 3 initially came into force in 2010 but has not yet been enacted by central government in England due to the significant implications on local authorities. In January 2023, DEFRA and the environment minister announced government's decision to implement Schedule 3 of the Flood and Water Management Act in England to better control flooding. This will have significant implications for Torbay Council as a unitary authority. The schedule provides a framework for the approval and adoption of sustainable drainage systems (SuDS) to regulate rainfall, decrease the volume of water flowing into sewers and storm overflow discharges. It is expected that upon implementation of Schedule 3 the Lead Local Flood Authority will also become the SuDS Approval Body (SAB). For these developments, the SuDS Approval Body will be responsible for • Providing a pre-application service. • Evaluation and approval of SuDS (likely to be funded via an application fee). • Supervision of onsite construction of SuDS (likely to be funded via an application fee). • Record, adopt and maintain the SuDS for the lifetime of the development. The adoption process is expected to require a legal agreement, like S104 sewer adoptions - it is currently unclear how lifetime maintenance will be funded. Under the current resources, the service will be unable to deliver the requirements. There are a lot of elements of unknowns in terms of impact as we don't know what enforcement or penalties Government will be putting in place.	Risk Completion Officer: Tim Jones
Mitigated Current Score: High (16)		Last Review Date: 23/04/2025
Current Direction of Travel: 		Identification Date: 11/12/2024
Previous Direction of Travel: 		Previous Date of Change: 03/02/2025
Mitigation status:	Mitigation:	
Action ongoing	Identify needed team structure	
Action ongoing	Officer Networking	
Action ongoing	Outsourcing consultancy services	
Action ongoing	Recruitment of technical staff	
Action ongoing	Review of corporate revenue funding strategy for FWMA statutory obligations	
Action ongoing	Staff Training	
Latest Note: Discussions have taken place between the Engineering team and Council Directors to review the impact of Schedule 3 being enacted, and to assess the likely timescales for implementation by government. The Council's Head of Engineering and Head of Project Management have met with the Infrastructure Team from Somerset Council, to share knowledge and ideas and gain an insight into their current and proposed processes. These meetings are expected to continue on a quarterly basis. Quarterly strategic meetings have also been set up between Torbay Council Directors and South West Water, to review issues associated with the Flood and Water Management Act, watercourses and the drainage infrastructure in Torbay. Discussions regarding the provision of a revenue budget to support the Council's statutory obligations and officer time associated with the Flood and Water Management Act 2010, are ongoing.		

Risk Code: CP73	Failure to adequately undertake proactive improvement works to cliffs and coastal defences	Accountable Officer: Alan Denby, David Carter
Unmitigated Score: High (16)	Description: Engineered sea defences and natural coastal assets (cliffs) are subject to wind and wave energy, saline environment, freeze/thaw and vegetation growth all which cause deterioration by erosion, undercutting, overloading, washout of fill material, and corrosion of steel elements. The Council struggles to maintain these assets in line with national policy such e.g. Shoreline Management Plan, corporate priorities and relevant legislation due to budget constraints. There is currently no management plan in place and budget is spent on reactive works. Due to climate change, we are seeing significant damage to the South West coastline. Currently the Council is good at identifying potential issues, however, the current processes and provision do not allow for a planned approach to prevent and limit the need for emergency reactive works.	Risk Completion Officer: Tim Jones
Mitigated Current Score: High (16)		Last Review Date: 23/04/2025
Current Direction of Travel: 		Identification Date: 11/12/2024
Previous Direction of Travel:		Previous Date of Change:
Mitigation status:	Mitigation:	
Action ongoing	Active management of the Council estate	
Action needed	Corporate Asset Management Group	
Action completed	Ensure effective data systems and management information is in place	
Action needed	Governance Arrangements	
Action ongoing	Regular Visual Inspections	
Action ongoing	Review Asset Management Strategy	
Action ongoing	Review of allocated corporate budget	
Action completed	Surveys Completed On Time	
Action ongoing	Tech Forge	
Latest Note: The annual coastal asset surveys (cliffs and hard defences) for 2024/2025 are now complete and have been uploaded on the Council's Technology Forge system. An initial review meeting has taken place between the Interim Director of Pride in Place, the interim Divisional Director of Maritime and Coastal Services and the Head of Engineering, to review the coastal vulnerabilities relative to the principles of the Shoreline Management Plan. Funding opportunities, to improve coastal defence, are currently being explored through the Council's ongoing attendance at "South West Coastal Group" and "South Devon and Dorset Coastal Advisory Group" meetings, and direct liaison with the Environment Agency. Discussions regarding the creation of a revenue budget for proactive improvements works are ongoing at SLT level.		

Risk Code: CP75	Failure to effectively maintain and invest in our Operational Estate	Accountable Officer: Malcolm Coe
Unmitigated Score: High (20)	Description: The Council's property portfolio is wide ranging given the diverse range of services it provides. The operation estate comprises of assets used to deliver front line Council services and the daily operation of the business by Torbay Council. The repair and maintenance of c.268 assets rests with the Council. Condition surveys completed on a rolling programme have identified significant levels of back log maintenance on these assets to the region of £50m. Council's Asset Management Policy seeks to maintain and manage assets in line with corporate priorities and relevant property and health and safety legislation. The identified risk is a continued lack of investment resulting in these assets becoming further dilapidated and requiring even more investment to bring them back up to a required standard. The risk is therefore two-fold, both financially as significant investment is required and reputationally as the condition of these assets reflects badly on the Council. Failure to maintain these buildings also pose an ongoing health and safety risk to the Council in their current condition.	Risk Completion Officer: Paul Palmer
Mitigated Current Score: High (16)		Last Review Date: 02/04/2025
Current Direction of Travel: 		Identification Date: 11/12/2024
Previous Direction of Travel: 		Previous Date of Change: 13/12/2024
Mitigation status:	Mitigation:	
Action ongoing	Asset Management Plan	
Action ongoing	Capital Repair Fund	
Action ongoing	Condition Surveys	
Action needed	Enhanced Budget for Repairs & Maintenance	
Action completed	Insurance	
Latest Note: Annual Condition Surveys are programmed for 25/26, this will provide update information relating to backlog maintenance. The increased budget has now been approved for 25/26 and work to identify a regime of planned maintenance is ongoing with an initial programme of works now instructed on those assets with the highest priority. The Capital Repair Fund will be utilised in this regard and replenished through disposal of identified surplus assets. Given the level of back log maintenance there has to be an element of prioritisation of spend. Meeting held with Director of Finance to discuss the Asset Management Plan & Strategy and its implementation plan. Insurance is in place for the Council's assets and void inspection regime is followed.		

Risk Code: CP82	Risk of Section 106 money not being deployed against priority areas of need & avoid it being repaid	Accountable Officer: Alan Denby, Anthony Payne, Eve Bates
Unmitigated Score: High (16)	Description: The Council currently holds an estimated pot of @ £3 million worth of Section 106 monies of which some have a 10 year or 5 year spend timescale attributed to them. Some of the deadlines have passed which leads to claims for repayment by developers. An improved approach is needed to help co-ordinate the key council officers involved in the processes in a timely manner. A new IT system has been procured and installed. The Finance Team have highlighted concerns regarding unspent Section 106 monies and meeting the timelines for its use. Historically, there have been varying clauses written into the legal agreements which have made tracking spend more convoluted. The Managing Director of SWISCo has highlighted the need for an improved approach, engaging with them earlier when agreeing delivery expectations that impact them as part of the legal agreements. SWISCo need to be able to plan earlier than current arrangements on what money will be received, when and where.	Risk Completion Officer: David Edmondson
Mitigated Current Score: High (16)		Last Review Date: 11/04/2025
Current Direction of Travel: 		Identification Date: 04/03/2025
Previous Direction of Travel:		Previous Date of Change:
Mitigation status:	Mitigation:	
Action completed	Appointment of new Infrastructure Programme Officer	
Action completed	Co-ordinated Section 106 programme board	
Action ongoing	Improvement SWISCo involvement in pre-application discussions	
Action completed	Installation of back office IT software Exacom	
Action ongoing	Regular monthly meetings with Finance	
Action ongoing	Reports to Capital and Growth Board	
Action completed	Review of each existing live Section 106 cases	
Action completed	Revise legal agreements with more flexible clauses	
Action ongoing	Training for all responsible officers	
Latest Note:	A number of new measures are in place, including the S106 Board, the completion of all the audit of unspent monies and the introduction of a process with new forms for applying for s106 monies, that are in the unspent/unallocated section. Exacom System training for managers continues. Summary reports going to capital & Growth Board.	

Report Key

Risk Code – the unique number assigned to every risk

Title – summarises the risk

Accountable Risk Officer - has overall responsibility for the risk

Risk Completion Officer - is responsible for updating the risk

Last Review Date – the date the risk was last reviewed (updated) on SPAR.net

Identification Date – the date the risk was approved by DOM and set up on SPAR.net

Previous Date of Change - the date the risk score changed from a previous score

Unmitigated Score – is the risk score before any controls are applied

Mitigated Current Score – is the current risk score with controls applied

Current Direction of Travel - Indicates the current score movement against the last review score.

Increased in score from the previous review 

Decreased in score from the previous review 

Score stayed the same 

Previous Direction of Travel - Indicates the direction of travel when the risk score last changed.

Increased from a lower score 

Decreased from a higher score 

Mitigation – the controls in place being used to manage or respond to the risk

Mitigation Status - states if the controls are working

Latest Note – details the current position of the risk mitigations, progress and any challenges being faced

Strategic and Corporate Risk Registers (as at 23/04/2025)

Increased in score from the previous review
 Decreased in score from the previous review
 Score stayed the same



Risk Type	Code	Risk Title	Accountable Officer	Risk Completion Officer	Unmitigated Score	Current Mitigated Score	Last Review	Direction of Travel
Strategic Risk	06	Pandemic or high impact outbreak of infectious disease	Lincoln Sargeant	Mandy Guy	16	12	23/04/2025	—
	03	Failure to have good inclusive economic growth	Alan Denby, Eve Bates, Anthony Payne	Lisa Tuck, Carl Wyard	25	16	10/04/2025	—
	04	Failure to set a robust budget and Medium-Term Resource Plan	Malcolm Coe	Malcolm Coe	25	16	08/04/2025	▲
	05	Failure to supply sufficient housing for Torbay's needs	Anthony Payne, Eve Bates, Alan Denby	David Edmondson	20	20	11/04/2025	—
	07	Recruitment and Retention	Matt Fairclough-Kay	Sue Wiltshire	25	4	15/04/2025	—
	09	Failure to adapt to a changing climate	Anthony Payne, Eve Bates, Alan Denby	David Edmondson	16	16	11/04/2025	—
	10	Failure of Torbay and South Devon NHS Foundation Trust to deliver Adult Social Care Statutory duties	Anna Coles	Anna Coles	20	12	14/04/2025	▲

Total Strategic Risks = 7

Strategic and Corporate Risk Registers (as at 23/04/2025)

Increased in score from the previous review
 Decreased in score from the previous review
 Score stayed the same



Risk Type	Code	Risk Title	Accountable Officer	Risk Completion Officer	Unmitigated Score	Current Mitigated Score	Last Review	Direction of Travel
Corporate Risk	45	Failure to effectively and efficiently deliver the Capital Programme	Anthony Payne, Alan Denby	David Carter	20	12	31/03/2025	—
	66	Failure to transfer PFI schools back to the Council in good condition with the appropriate workforce	Nancy Meehan	Clare Talbot	20	12	23/04/2025	—
	71	Failure to ensure safe maintenance and compliance of the Council's housing stock	Malcolm Coe	Paul Palmer	12	8	02/04/2025	—
	74	Failure to effectively maintain Council Heritage Assets	Malcolm Coe	Paul Palmer	20	12	02/04/2025	—
	75	Failure to effectively maintain and invest in our Operational Estate	Malcolm Coe	Paul Palmer	20	16	02/04/2025	—
	76	Failure to adequately maintain and invest in our Community Assets	Malcolm Coe	Paul Palmer	6	4	02/04/2025	—
	60	Failure to reduce carbon dioxide emissions in line with the current carbon neutral targets	Alan Denby, Anthony Payne	David Edmondson	15	15	26/03/2025	—
	02	Failure to have adequate insurance in place for all council assets and activities	Matt Fairclough-Kay	Evelyn Murray	15	10	05/02/2025	—
	15	Failure to stabilise the budget for the Higher Needs block	Nancy Meehan	Lisa Chittenden	25	20	22/04/2025	—
	17	Placement sufficiency	Nancy Meehan	Lisa Chittenden	25	25	22/04/2025	—
	25	Legal costs for Children's Services - Judicial Reviews	Matt Fairclough-Kay	Amanda Barlow	15	6	03/02/2025	—
	29	Corporate Debt recovery from ASC customers	Anna Coles	Anna Coles	12	9	28/01/2025	—
	32	Increased homelessness and insufficient temporary accommodation	Tara Harris	Lianne Hancock	16	12	03/04/2025	—
	41	Failure to collect, or loss of, income in particular council tax and business rates	Malcolm Coe	Alistair Townsend	20	12	15/04/2025	—
	44	Failure to adequately prepare for, and meet grant conditions (Capital Projects)	Malcolm Coe	Malcolm Coe	20	12	08/04/2025	—
	58	Transfer of Torbay Economic Development Company (TEDC), a wholly owned company, back to the Council	Alan Denby, Matt Fairclough-Kay	Stuart Loly	20	4	22/04/2025	—
	64	Failure to deliver the financial sustainability plans	Malcolm Coe	Malcolm Coe	16	8	08/04/2025	—
	70	Failure to prevent employees from being subjected to sexual harassment in the workplace	Matt Fairclough-Kay	Sue Wiltshire	6	3	11/12/2024	▼
	05	Failure to comply with Health & Safety legislation	Matt Fairclough-Kay	Dave Walker	20	20	28/03/2025	—
	06	Failure for our wholly owned companies to comply with H&S, fire, environmental legislation.	Matt Fairclough-Kay	Dave Walker	16	16	28/03/2025	—
57	Data loss through use of artificial intelligence	Matt Fairclough-Kay	Joanne Beer	12	6	02/04/2025	—	
01	Lack of effective risk management	Matt Fairclough-Kay	Eve Bates, Kate Spencer	20	8	23/04/2025	—	

Strategic and Corporate Risk Registers (as at 23/04/2025)

Increased in score from the previous review
 Decreased in score from the previous review
 Score stayed the same



08	Breach of Equality Act or breach of the Human Rights Act	Matt Fairclough-Kay	Laura Hill	16	12	08/04/2025	—
21	GDPR Compliance and Effective Information Governance	Matt Fairclough-Kay	Joanne Beer	15	12	12/03/2025	—
37	Failure to have adequate constitution and democratic governance arrangements in place	Anne-Marie Bond	Amanda Barlow	12	12	14/04/2025	—
39	Delivery of elections / electoral registration	Anne-Marie Bond	Catherine Hayden	20	9	17/04/2025	—
43	Failure to have effective procurement and contract management arrangements in place	Malcolm Coe	Tracey Field	16	8	09/04/2025	—
62	Deprivation of Liberty waiting list (ICO under delegated tasks of Section 75 agreement)	Anna Coles	Lee Baxter	12	12	27/01/2025	—
69	Failure to show due regard in relation to our legal duty under the Armed Forces Act 2021	Matt Fairclough-Kay	Will Harris	15	9	06/03/2025	—
77	Failure to effectively achieve commercial income targets from the Council's let estate within Torbay	Malcolm Coe	Paul Palmer	12	12	02/04/2025	—
78	Failure to effectively achieve the commercial income targets from the Council Investment Portfolio	Malcolm Coe	Paul Palmer	16	12	02/04/2025	—
79	Not delivering the anticipated benefits of integrating TDA and Torvista back into Council management	Matt Fairclough-Kay	Malcolm Coe	16	12	08/04/2025	▼
80	Insufficient capacity, resourcing and engagement with change agenda	Matt Fairclough-Kay	Mark Hammett	16	9	02/04/2025	—
81	Failure Of Liquid Logic Software System	Nancy Meehan	Lisa Chittenden, Shaun Evans	12	9	14/04/2025	▼
82	Risk of Section 106 money not being deployed against priority areas of need & avoid it being repaid	Alan Denby, Anthony Payne	David Edmondson	16	16	11/04/2025	—
47	Effective delivery of Economic Growth Strategy	Anthony Payne, Alan Denby	Lisa Tuck, Carl Wyard	20	16	16/04/2025	—
48	Failure to deliver town centre regeneration projects	Alan Denby, Anne-Marie Bond	David Carter	20	12	31/03/2025	—
03	Prolonged Data Centre Outage	Matt Fairclough-Kay	Pauline Godfrey	20	10	15/04/2025	—
04	Large scale cyber attack	Matt Fairclough-Kay	Pauline Godfrey	25	15	11/04/2025	—
07	Talent development (Future proofing the workforce)	Matt Fairclough-Kay	Sue Wiltshire	12	6	24/01/2025	▼
10	Failure to produce quality data	Matt Fairclough-Kay	Joanne Beer	25	8	02/04/2025	—
11	Inadequately prepared to respond and manage the impact of a major incident	Matt Fairclough-Kay	Steven Harvey	15	8	05/03/2025	—
12	Ineffective Business Continuity Management	Matt Fairclough-Kay	Steven Harvey	12	8	05/03/2025	—
14	Delivery of SEND	Nancy Meehan	Lisa Chittenden	25	20	22/04/2025	—
16	Quality of performance and data	Nancy Meehan	Lisa Chittenden	20	9	22/04/2025	—
19	Recruitment and retention Of Social Workers	Nancy Meehan	Lisa Chittenden	20	9	15/04/2025	—

Strategic and Corporate Risk Registers (as at 23/04/2025)

Increased in score from the previous review
 Decreased in score from the previous review
 Score stayed the same



20	Failure to replace the Paris system	Anna Coles	Anna Coles	25	15	26/03/2025	—
23	Implementation of the customer relationship management (CRM) system	Matt Fairclough-Kay	Matt Fairclough-Kay	16	6	23/04/2025	—
28	Failure to deliver or facilitate the delivery of future extra care housing	Anna Coles	Adam Russell	12	9	17/04/2025	—
38	Health and wellbeing of staff	Matt Fairclough-Kay	Sue Wiltshire	20	3	15/04/2025	—
53	Failure to deliver the Statutory Harbour Authority (SHA) functions	Alan Denby, Anthony Payne	Matt Reeks	20	12	23/04/2025	▼
63	Potential loss of data through cyber breach (Adult Social Care)	Anna Coles	Chris Lethbridge	16	12	02/04/2025	—
72	Inadequate resources to satisfy the obligations of the Flood and Water Management Act Schedule 3	David Carter, Alan Denby	Tim Jones	20	16	23/04/2025	—
73	Failure to adequately undertake proactive improvement works to cliffs and coastal defences	David Carter, Alan Denby	Tim Jones	16	16	23/04/2025	—
09	Reputation of council	Anne-Marie Bond	Kate Spencer	16	9	22/04/2025	—
22	High levels of customer dissatisfaction	Matt Fairclough-Kay	Joanne Beer	9	9	05/02/2025	—
59	Risk of Fraud and Error causing financial loss or reputational damage to the council.	Malcolm Coe	Rachel Worsley	25	12	23/04/2025	—
67	Non-compliance with Council's visual identity standards	Matt Fairclough-Kay	Beth Hill	12	9	14/04/2025	—
24	Failure to have effective, modern software systems in place to support key business areas.	Matt Fairclough-Kay	Pauline Godfrey	20	15	03/04/2025	—
35	Lack of focus on key priorities	Anne-Marie Bond	Anne-Marie Bond	20	12	22/04/2025	—
40	Failure to deliver the commitments within the Council's Policy Framework	Anne-Marie Bond	Kate Spencer	12	12	11/04/2025	—
46	Effective Housing delivery	Alan Denby, Anthony Payne	David Edmondson	20	20	11/04/2025	—
49	Failure to have an up to date adopted Local Plan in place	Anthony Payne, Alan Denby	David Edmondson	12	12	26/03/2025	—
50	Failure to meet Development Management national and local performance targets	Anthony Payne, Alan Denby	David Edmondson	20	12	15/04/2025	—
51	Failure to support people to maintain and access permanent accommodation.	Malcolm Coe	Clive Hayward, Richard Owen	20	6	17/04/2025	—
61	Failure to realise the benefits of devolution for Devon and Torbay	Anne-Marie Bond	Kate Spencer	6	6	06/01/2025	—
68	ASC Transformation Programme fails to deliver financial sustainability	Anna Coles	Anna Coles	16	12	24/03/2025	—

Total Corporate Risks = 67

Strategic and Corporate Risk Registers (as at 23/04/2025)

Increased in score from the previous review
Decreased in score from the previous review
Score stayed the same



Report Key

Risk Type – the type of risk e.g. Strategic, Corporate, Service

Code – the unique number assigned to every risk

Risk Title – summarises the risk

Accountable Officer - has overall responsibility for the risk

Risk Completion Officer - is responsible for updating the risk

Unmitigated Score – is the risk score before any controls are applied

Current Mitigated Score – is the current risk score with controls applied

Last Review – the date the risk was last reviewed (updated) on SPAR.net

Direction of Travel – indicates the current score movement against the last review score.

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Risk Form

Tick type of risk:

Strategic

Corporate



Service

Service Name	Chief Executive	Date: 29/04/2025
Risk Accountable Officer	Anne-Marie Bond	Risk Completion Officer Kate Spencer
Title of Risk	Local Government Reorganisation	
Description <i>A summary in a few sentences providing the context, setting and background for the risk.</i>	<p>The English Devolution White Paper set out the Government’s vision for simpler, more sustainable local government structures. Subsequently the Local Government Minister wrote to the Leaders of all of the Councils in Devon on 5 February 2025 inviting them to work together to develop a proposal for a single tier of local government in the area.</p> <p>Interim plans were submitted on or before 21 March 2025 with final proposals needing to be submitted by 28 November 2025.</p>	
Risk Cause <i>What are the causes of the risk?</i>	<ul style="list-style-type: none"> • Distraction from delivery of strategic objectives and business as usual of the Council • Difficulties in recruiting and retaining staff due to the perceived uncertainty about the future of Torbay Council • Ineffective internal and external communication, engagement and consultation in developing options and a proposal • Lack of time and resource to develop a good quality proposal by the submission deadline • LRG effects the entire county and requires shared vision and coordinated effort across the current authorities. Five interim plans were submitted for Devon, some of which conflict with Torbay’s preferred options. Without a shared vision across the Devon authorities there is a risk that outcomes in other areas will negatively impact Torbay. 	
Risk Event <i>What’s the likely event if this occurs?</i>	<ul style="list-style-type: none"> • Harm to Torbay Council’s reputation • Failure to deliver our strategic objectives and business as usual • Torbay’s case is not fully articulated to the Government ahead of a final decision on Local Government Reorganisation being made 	
Risk Impact <i>What would be the impact on our business objectives if the risk occurs?</i>	<ul style="list-style-type: none"> • Torbay’s residents, businesses and communities do not get the best outcomes 	

<p>Impact What would the impact be if the risk occurs</p> <p>1=Insignificant 2=Minor 3=Moderate 4=Major 5=Critical</p>	<p>Probability of the risk occurring before you take any actions to reduce the risk</p> <p>1=Rare 2=Unlikely 3=Possible 4=Likely 5=Almost Certain</p>
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		Probability				
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Impact	Critical (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5

<p>Risk Score before taking action to reduce the risk, set the unmitigated risk score</p>	<p>Unmitigated Impact (1-5)</p> <p>4</p>	<p>Unmitigated Probability (1-5)</p> <p>3</p>	<p>Unmitigated Score</p> <p>12</p>
<p>Primary Impact Category Record the appropriate category from the Risk Impact Scoring Guide</p>	<p>(Select one and delete all others from the list that are not relevant) Reputation,</p>		
<p>Secondary Impact Categories Record any other risk categories that also apply to this risk</p>	<p>(Select those relevant and delete all others from the list that are not relevant) Strategic Direction, Operational Delivery, Financial, legal and Governance, Reputation, Local Economy</p>		
<p>Mitigations <i>These are the actions that reduce impact if the risk should occur or reduce the probability of it occurring</i></p>			
<p>Mitigation Title <i>Short & descriptive</i></p>	<p>Mitigation Description <i>Details of the action written as a sentence</i></p>		<p>Responsible Person</p>
Performance and Risk Management Framework	Our Performance and Risk Management Framework supports officers across the Council to focus on the things that matter and for corrective action to be taken at the appropriate time.		Kate Spencer
Recruitment and Retention Strategy	A range of initiatives have been undertaken through the Our People Project to support the recruitment and retention of staff. This is being articulated in a Recruitment and Retention Strategy which will continue to be implemented and embedded.		Susan Wiltshire
LGR Programme	A programme management approach is in place to deliver the requirements of the Government in relation to LGR. This includes the creation of a project team (with additional staff resource) and the implementation of the associated internal and external engagement and communications plan.		Kate Spencer
<p>Current Risk Review Score If this risk is not new and exists already e.g., some or all of the mitigating actions are taking place, please set a current mitigated risk score</p>	<p>Mitigated Impact (1-5)</p> <p>3</p>	<p>Mitigated Probability (1-5)</p> <p>3</p>	<p>Current Mitigated Score</p> <p>9</p>

Meeting: Audit Committee

Date: 28 May 2025

Wards affected: All

Report Title: Counter Fraud and Error Update

Director Contact Details: Malcolm Coe, Director of Finance, malcolm.coe@torbay.gov.uk

1. Key points and Summary

- 1.1 This report updates the Audit Committee on counter fraud activity undertaken for the period of 1 April 2024 to 31 March 2025, including progress against the 2024/2025 Counter Fraud Plan.
- 1.2 The report is further intended to support members in obtaining assurance the council has robust processes in place to prevent, detect and deter fraud and error.
- 1.3 The Corporate Counter Fraud and Error team deliver a service across the Council which aims to prevent, detect, and deter fraud, error and criminality related to fraud. The team investigate allegations of fraud, provide case by case prevention advice, plan and take part in counter fraud campaigns (e.g. the National Fraud Initiative), test systems, undertake fraud awareness activities with members, colleagues and the public, maintain and update the counter fraud framework and related policies.
- 1.4 Though this activity, financial losses are prevented, additional revenue is identified for recovery, income is secured through the supply of services, and redress sought in cases of civil or criminal offending.
- 1.5 Detecting fraud and irregularities is crucial for maintaining the integrity and trustworthiness of any organisation. By identifying activities early, organisations can prevent significant financial losses and protect their reputation. Effective fraud and irregularity detection ensures compliance with legal and regulatory requirements, fostering a culture of transparency and accountability. Ultimately, proactive fraud and irregularity detection is a key component in building a resilient and trustworthy Council.
- 1.6 The accomplishments detailed in this report are a testament to the collective efforts across multiple teams. Each member has contributed their unique skills and expertise to work seamlessly to achieve common goals.

2. Introduction

- 2.1. Fraud is a significant risk to the public sector. The government currently estimates that fraud and error in the public sector costs between £33 and £58 billion per year, excluding covid-19 schemes.
- 2.2. The National Fraud Authority estimates that fraud costs the public sector around £21 billion each year, which is 55% of the total fraud loss in the UK.
- 2.3. Fraud remains one of the most persistent and evolving challenges, the importance highlighted by the ongoing efforts to reduce fraud and error losses. On 3rd August 2022 the government established the Public Sector Fraud Authority.
- 2.4. Aiming to enhance the UK's ability to combat economic crime and improve corporate transparency, the Economic Crime and Corporate Transparency Act 2023 was introduced. This bill strengthens the powers of Companies House, introducing mandatory identification verification for company directors and persons with significant control and enhancing regulations to prevent money laundering.
- 2.5. The Economic Crime and Corporate Transparency Act 2023 also introduces the new Failure to Prevent Fraud Offence from 1 September 2015.
- 2.6. In 2024 the Prime Minister announced the Government would be introducing a new Fraud, Error and Debt Bill to tackle fraud in the Social Security system. The Bill having progressed from the House of Commons to the House of Lords, with the second reading in the Lords on 15 May 2025.
- 2.7. The media report a UK Secondary School was forced to close on 3 June 2024 due to a significant cyber-attack and Leicester City Council confirmed on 3 April 2024 that confidential data had been published online by a known ransomware group.
- 2.8. In recent days the UK has seen High Street retailers, Marks and Spencer, Harrods and Co-op at the centre of cyber-attacks causing the businesses widespread disruption.
- 2.9. Torbay continues to receive high profile funding for local projects such as but not limited to; £7,000,000 for Paignton Coastal Defence, £8,000,000 for Oldway Estate, £3,000,000 for Accommodation Repurposing and £200,000 Towns Plan. Increasing the likelihood of experiencing fraud.
- 2.10. The fraud team receive alerts to known frauds experienced by Local Authority across the UK. Often, more than one Local Authority is targeted by the same fraudsters. This demonstrates fraudsters have no geographical or political boundaries.
- 2.11. Artificial intelligence is an increasing concern in the realm of fraud, with the Public Sector Fraud Authority identifying it as the most significant fraud risk currently facing Local Authorities.
- 2.12. Artificial Intelligence can provide Local Authorities with efficiencies but comes with inherent risks.
- 2.13. Internally raising this concern, Torbay has formed a multi-departmental group, who are working to provide a focus on Artificial Intelligence and its Governance.

- 2.14. The Counter Fraud and Corruption Policy sets out the expectations of Torbay Council and describes what is meant by fraud bribery and corruption and outlines the responsibilities of Councillors, Directors, Managers, and employees.
- 2.15. The Counter Fraud Manager is also the Councils Money Laundering Reporting Officer.
- 2.16. Torbay Council recognises it is at risk of fraud. Hence fraud is recognised as corporate risk CP59. The risk has recently seen update and is included as **appendix A**.

3. Resourcing

- 3.1 As mentioned in previous reports, investigations were placed on hold during the covid-19 pandemic, the following energy crisis, and new case management systems development and implementation.
- 3.2 With the new system in place and work underway to recover from this impact, the team experienced a reduction in resources, as the full-time Counter Fraud Officer secured other employment.
- 3.3 Rather than seeking a like for like replacement, the services of Devon Assurance Partnership are utilised for redress element of the role.
- 3.4 The team went onto see further staff resource issues in this reporting period.
- 3.5 We are continuing to explore methods to address this issue.
- 3.6 The accomplishments detailed in this report are a testament to the collective efforts across multiple teams. Each member has contributed their unique skills and expertise to work seamlessly to achieve common goals.

4. Fraud Prevention and Detection

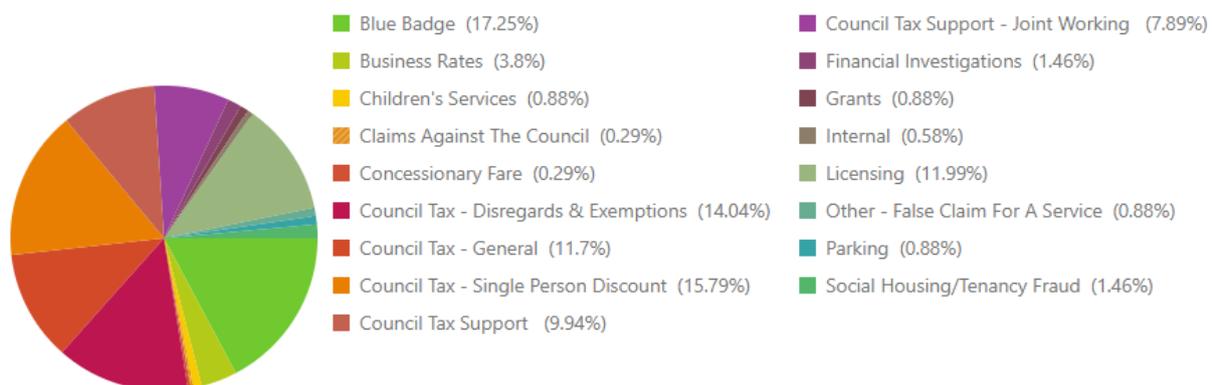
- 4.1 Raising awareness is an integral part of fraud prevention. It helps to create a culture of vigilance and accountability. Awareness not only reduces the likelihood of themselves falling victim to fraud but also enhances an individual's ability to detect and report suspicious activities within any organisation promptly.
- 4.2 During this period, we developed and implemented face to face training sessions for both elected members and new colleagues. These training sessions were initiated in the second half of the financial year.
- 4.3 To ensure colleagues maintain a high level of fraud awareness, Torbay Council has a mandatory i-learn course with a requirement to re-take periodically. This course was updated and relaunched in April 2024.
- 4.4 The requirement to re-take this course communicated through staff newsletters.
- 4.5 In the second half of this reporting period, we issued further communications to individuals. With further communications to their managers if the course remained incomplete. This activity has provided an upturn of completion levels.
- 4.6 The following table provides a snapshot of completion by Commissioning area. The total colleague's column has been adjusted to take into account those who are on maternity or sabbatical leave.

Commission	Total Colleagues	Colleagues completed	Completion Rate (%)
Adults & Community Services	170	133	78.24
Children's	472	358	75.85
Corporate Services	188	178	94.68
Finance	53	50	94.34
Pride in Place	243	194	79.83
Public Health	21	21	100
Totals	1147	934	81.43

- 4.7 Torbay Council is a member of The National Anti-Fraud Network. This membership provides alerts to national frauds. On receipt of an alert, the content is reviewed, and internal enquiries are made to establish if Torbay has experienced the same fraud by the same fraudsters.
- 4.8 Often included in the alerts are details of bank accounts known to be linked to the fraud occurrences. We have worked with The Financial Systems Account Manager and the Reporting and Tech Development manager, to develop a methodology to highlight and prevent payments going to the same bank accounts as seen in the alerts. We are now monitoring on a daily basis 78 bank accounts known to have links to nationally recognised frauds.
- 4.9 The reporting period has seen the provision of 36 alerts where the perpetrators have targeted more than one Local Authority. This figure is excluded from 4.26.
- 4.10 Torbay Council a victim of one of the reported incidents which affects multiple Local Authorities.
- 4.11 We further use the alerts to raise awareness. Following review of content and internal checks, communications are issued to individual colleagues or council wide, depending on nature of the alert.
- 4.12 It is though this array of awareness that fraud is prevented. In July 2024, we saw an attempt at Chief Executive imposter fraud through email. The officer who received the approach spotted the spoof and did not react. Attached to the email was an invoice, the email pressing for payment.
- 4.13 Approaches of this type pose two threats, a threat to diversion of funds and the potential for the invoice to contain ransomware. Due to awareness, the officer did not open the invoice.
- 4.14 Not only has the officer protected the council's income from loss, but the officer also potentially thwarted an attempt by a fraudster to cause operational disruption. Attachments to emails can contain ransomware and thus severe consequences for the Council.
- 4.15 Capturing a fraud risk register is crucial to provide the council with financial protection, manage its reputation, ensure legal compliance and provide operational efficiencies.
- 4.16 Each department is required to capture their fraud risks in spar.net, the councils central risk database.
- 4.17 Although the requirement is included within training sessions and service plans, many managers are yet to submit their Fraud Risk Assessments.
- 4.18 The Cabinet Office run a national anti-fraud campaign, The National Fraud Initiative (NFI). Participation is mandatory. It is a data matching exercise to assist in the detection area of fraud and error. The main exercise occurs bi-annually with smaller exercises conducted annually. The work is managed and largely maintained by the Counter Fraud and Error Team.
- 4.19 During this period, work has continued to finalise the results from the 2022/23 exercise. Work has also been undertaken to complete the annual exercise for 2023/24.

- 4.20 NFI Reports for the bi-annual 2024/25 (main) exercise received in the final quarter of the financial year. The results from this exercise will conclude within the next financial year.
- 4.21 We previously reported, an invitation by the Cabinet Office to participate in a pilot, following our suggestion to review Council Tax discount and exemption records by matching to Deceased data. March 2024 saw the release of pilot report 805.
- 4.22 The results for Torbay from this pilot are detailed in Section 10. The Cabinet Office have confirmed the pilot identified £1.6 million in irregularities. As such the pilot is hailed a success and incorporated into the bi-annual reports provided to all Local Authorities on 15/01/2025.
- 4.23 The fraud team continue to receive referrals received into the department.
- 4.24 When undertaking reviews the fraud support officers identify cases of potential fraud. These cases are added to the case management system for further investigation.
- 4.25 The team conducts Work to support Torbay's Housing Strategy, with a focus on properties recorded as empty in the council tax charge base as this informs the wider across department empty property team. This work involves accuracy checks and seeks to identify if the property has become occupied or unoccupied without the owner, landlord, occupier or non-occupier providing advice to the council tax team.
- 4.26 The team's work is varied and covers a wide programme of reactive and pro-active investigations. The diagram below demonstrates the diverse nature of the 342 referrals received in the reporting period and the range of case types covered.

Count of Cases by Case Category



- 4.27 Where it is suspected a person in receipt of Housing Benefit is committing fraud, a referral is made to the DWP. This reporting period has seen 72 referrals. This figure excluded from 4.26.
- 4.28 The team undertook 38 landlords fit and proper checks on behalf of the Housing Standards Team.
- 4.29 The Counter Fraud Manager provides case by case prevention and intelligence support to teams across the council and partner agencies such as Devon and Cornwall Police and Devon and Somerset fire department. Although considered invaluable, we are unable to measure a value to this activity.

- 4.30 From 01 April 2024 the council decided a 100% Council Tax Premium would be applied to a vacant and substantially unfurnished property that had been continuously unoccupied for a period longer than one year as of 01 April 2024. Incremental changes occur when a property is empty over 2, 5 and 10 years. This anticipated to result in an increased level of empty property charge avoidance. The team have utilised open-source intelligence to identify empty properties.
- 4.31 To establish relationships between the fraud team and parking enforcement team, a counter fraud assistant worked alongside the team to identify blue badge mis-use. This has served to provide parking enforcement officers with greater awareness of abuse, anticipated to result in increased blue badge fraud detection.
- 4.32 During this reporting period, the team issued 40 reminders to blue badge holders regarding the proper use of their badges. The period has seen 1 badge revoked and 1 penalty issued. 4 referrals have been made to other Local Authorities.
- 4.33 We have identified a relatively inexpensive tool to allow safe, secure and necessary data sharing across Local Authority departments and Boundaries, to prevent fraud across multiple departments with the added benefit of enhancing debtor tracing. It is anticipated the tool will provide income generation through improved and efficient debtor tracing as well as reducing the number of Data Protection requests the revenues and recovery teams receive and place.
- 4.34 The tool is also anticipated to prevent loss as will enable pre-process and pre-billing checks. Unfortunately, we cannot put a savings to the levels of fraud the tool will prevent but would anticipate the level of cashable savings identified by the fraud team in the revenues area will reduce in future reports.
- 4.35 The tool has potential to provide fraud prevention and administration benefits to multiple council departments. A demonstration of the tool provided by the company to the Revenues team in the first half of this financial year, as this area identified to receive maximum benefit from the tool. The second half of the financial year saw the entire revenues team receive training to use the tool in anticipation for go live date of 1 April 2025.

5. Project Areas and Savings

- 5.1 **Investigations** have taken place throughout the period to identify fraud and error. The benefits received are detailed below. The figures shown for council tax are based on total liability, although the benefit is split between Torbay Council, Devon and Cornwall Police and Devon and Somerset Fire and Rescue Service.
- 5.2 **Council Tax - Single Persons Discount review commences** Working with the revenues management team, a process for the review of single person discounts was designed and implemented. Instigated as an amnesty, allowing single occupier discount recipients to provide update or confirm their household occupancy status.
- 5.3 17,561 invitations issued to households inviting a review of Single occupied status. The review completed with final communications issued in October 2024.
- 5.4 As work neared completion, work to identify a partner organisation to provide further single persons discount review services commenced. Procurement now completed. Implementation work with the company will occur in the new financial year with the review estimated to commence July 2025.

- 5.5 **Council Tax - Unregistered properties** an external provider, procured to undertake this work on a no win no fee basis, identifies properties which were otherwise unregistered for council tax purposes.
- 5.6 **Council Tax – Unregistered properties** the Torbay Counter Fraud team identified properties which were otherwise unregistered for council tax purposes.
- 5.7 **Council Tax - Unreported changes in property ownership/occupation** continues as an area of financial risk. The fraud team seek to identify unnotified changes.
- 5.8 **Council Tax – Unreported changes in exemptions and disregards** the council tax scheme has 19 categories of exemptions and 13 categories of disregards. The team have previously reviewed 7 exemption categories. A further 7 categories received review in this reporting period.
- 5.9 **Council Tax – Empty Property Levy Avoidance** from 01 April 2024 the council decided a 100% Council Tax Premium would be applied to a vacant and substantially unfurnished property that had been continuously unoccupied for a period longer than one year as of 01 April 2024. Incremental changes occur when a property has been empty over 2, 5 and 10 years.
- 5.10 **Undervalued or Unrated Business premises** continues to be an area of financial risk. Both the counter fraud and business rates team seek to identify unrated or undervalued business premises. An external provider is also procured to support this work on a no win no fee basis.
- 5.11 **Un-notified change of business owner** continues to be an area of financial risk, the pandemic highlighted business owners had not come forward to register for business rates. The Council saw a surge in business owners coming forward. The risk remains present, and the team discovers changes because of other work.
- 5.12 **Business Rates – Small Business Rates Review commenced** Working with the revenues management team, a process for the review of small business rates designed and developed.

The team contacted 2677 businesses inviting review of Small Business Rates Relief Status.

The review commenced November 2024 with the exercise nearing completion.

- 5.13 **Housing – empty homes** – In partnership with members of Housing Standards, Planning Enforcement, Environmental Health, Council Tax and Council Tax recovery team, we aim to reduce the number of empty properties in Torbay. This work supports Torbay Councils Housing Strategy.

The fraud team commences the process by reviewing properties registered as empty (not second homes) in the council tax database to ensure accuracy before involvement of the wider teams.

The identification of methods to detect properties registered in council tax as occupied but likely empty is imminent and included in the scheduled work programme for 2025-26 financial year.

The team further receive reports from Housing Standards where complaints are

received about empty properties where the empty property status is not reflected in the council tax data-base.

6. Money Laundering During the reporting period, the council has investigated two suspected reports of money laundering. One report has been made to the National Crime Agency.

7. Investigations The team consists of 2.8 full time equivalent member of staff, 1 Manger & Counter Fraud Specialist and 0.8 qualified Counter Fraud Technician/support officer and 1 Support officer (temporary secondment)

Financial year	Cases awaiting review	Number of completed investigations	Cases under investigation
2022/2023	35	21	22
2023/2024	89	30	27
2024/2025	56	217	42

8. Partnership Working the Council conducts investigations in partnership with DWP where appropriate. Sending invitations to the DWP and receiving invitations from the DWP. Only qualified Counter Fraud Specialists are permitted to undertake these joint investigations.

	under investigation	Cases closed	Cases prosecuted
2023/24	6	0	0
2024/25	11	3	0

The team provides information to the DWP to support its own investigations into Housing Benefit and Universal Credit related frauds.

	Requests received	Requests completed
2024/2025	85	85

9. Devon Audit Partnership (DAP) are utilised to assist with investigations and redress once cases have undergone substantive checks by the Torbay Team.

	With DAP Awaiting/under investigation	Compliance Interviews Undertaken	Compliance resulting in cashable savings	Cases prosecuted
2023/24	7	6	£5,837	0
2024/25	15	0	0	0

10. Cashable Savings Identified

10.1 The identified savings highlight the importance of conducting timely investigations into and to identify irregularities. The Public Sector Fraud Authority recognise that without such investigations, these issues would likely remain unreported for at least one additional financial year. Therefore, it is recommended a future loss value of 12 months is included in the values reported.

For consistency, as the half yearly report held figures for actual amounts identified this

report too contains actual figures.

- 10.2 The number cases reviewed for Business rates (external provider) is subject to increase in value as 14 of the cases are awaiting review by the Valuation Office Agency who determine the level of Business Rates to charge a premises.
- 10.3 The figures for the Business Rates SBR Review has the number of removals/amendments categorised to distinguish between accounts where the invitation to renew SBR was not accepted by the account holder and those where changes identified during the review. This distinction is made because a percentage of those who did not accept the invitation are likely to reapply in the future.

Scheme	Number of cases reviewed	Number of removals/amendments	Cashable Value of amended liability
Single person Discount Amnesty	17,561	2001	£902,191
Single Person Discount (NFI)	2712	522	£427,728
Exemptions and Disregards	555	80	£249,859
NFI Pilot report 805	258	(unavailable)	£ 11,171
Unregistered Council Tax properties (external provider)	7	1	£ 1,488
Unregistered properties	1	1	£ 1,527
Ownership/Occupation	1	1	£ 2,833
Empty Property Levy avoidance	-	8	£ 34,839
Business Rates (external provider)	17	3	£ 10,728
Business Rates SBR review	2677	93 (no response)	£329,978
		270	£694,731
Other			£ 87,027

Rachel Worsley
Counter Fraud and Error Manager

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Audit Committee Work Plan 2025/2026

Date of Meeting	Report Title
30 July 2025	<ul style="list-style-type: none"> • Annual Audit Report (Internal Audit) • Risk Assurance Report - Integrated Adult Social Care Services • Performance Update: Collection of Council Tax, Non-Domestic Rates & Corporate Debt • Audit Committee Progress Report and Sector Update (Grant Thornton) • Audit Committee Workplan
29 October 2025	<ul style="list-style-type: none"> • 2025/26 Treasury Management Mid-Year Review • Progress against Corporate Peer Challenge Action Plan • Whistleblowing Complaints and HR Investigations • Audit Committee Workplan • Strategic and Corporate Risk Report
21 January 2026	<ul style="list-style-type: none"> • Internal Audit - Half Year Report including the outcomes of the Follow Up on Areas Requiring Improvement • 2025/26 Treasury Management Strategy • 2024/25 Torbay Council Audit Findings Report (Grant Thornton) • 2024/25 Torbay Council Auditor's Annual Report (Grant Thornton) • 2024/25 Statement of Accounts including Annual Governance Statement • Strategic and Corporate Risk Report (plus wholly owned companies risk update) • Audit Committee Progress Report and Sector Update (Grant Thornton) • RIPA Update • Counter Fraud and Error - 6 monthly Update • Audit Committee Workplan

Audit Committee Work Plan 2025/2026

25 March 2026	<ul style="list-style-type: none">• Internal Audit Plan• Internal Audit Charter and Strategy• Counter Fraud and Error Annual Plan• Strategic and Corporate Risk Report• Audit Committee Workplan
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