

**Report title: Costs & efficiencies arising from the closure of Torbay Economic Development Company**

<b>Report to:</b>	Overview & Scrutiny Board
<b>Date:</b>	8 July 2026
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<b>Wards affected:</b>	All

**1. Summary of Report:**

- 1.1 The decision taken in September 2023 to dissolve Torbay Economic Development Company (TDA) and bring its functions back into Torbay Council was intended to simplify delivery, strengthen strategic control, and improve efficiency in the use of resources. The transition was largely completed during 2024, with staff transferred under TUPE, contracts novated, and core services integrated into Council structures.
- 1.2 Overall, the programme has successfully achieved its primary objectives of simplifying delivery and strengthening the Council’s direct control over economic development, capital delivery, and associated services. While short-term costs have been incurred, the long-term value of the decision will depend on continued transformation activity.

**2. Recommendations and Proposed Decision:**

- 2.1 That the Overview and Scrutiny Board note the financial position including £590,032 transition costs and £227,711 ongoing impact.
- 2.2 That the Overview and Scrutiny Board note progress on efficiencies and integration.
- 2.3 That the Overview and Scrutiny Board recognise further efficiencies will be realised through service reviews up to 2027.

**3. Reasons for Recommendations/Proposed Decision:**

- 3.1 The closure has without doubt achieved the intention of simplifying delivery, strengthening control, and improving alignment with Council priorities. This report provides assurance that

costs are understood, efficiencies are continuing to be delivered and further benefits will be realised.

## 4. Background and Context:

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- 4.1 Torbay Economic Development Company (TDA) was established in 2011 as a wholly owned subsidiary of Torbay Council to deliver economic development and regeneration activity, alongside trading services generating external income. Over time, changes in the national policy environment, local governance arrangements, and the Council's own strategic direction reduced the effectiveness of this model.
- 4.2 Additional governance requirements, duplication of systems, and the need to operate within a company structure created inefficiencies and constraints on delivery. In September 2023, Council approved the dissolution of TDA and reintegration of its functions into Torbay Council in order to strengthen leadership, improve alignment with corporate priorities, and streamline delivery.
- 4.3 The transition programme included TUPE transfer of staff, novation of contracts, transfer of assets, and integration of support services such as HR, Finance, Communications, and Health & Safety. The majority of these activities were completed during 2024, with service continuity maintained throughout the transition and no significant workforce disputes arising.
- 4.4 The financial impact of the transition includes one-off costs of £590,032 associated with HR, IT, contractual, and programme delivery activities, and an ongoing cost impact of £227,711. These costs have been actively monitored and controlled through the governance of the TDA Review Board.
- 4.5 The programme incurred one-off costs of £590,032, covering:
- HR and TUPE processes;
  - IT and systems integration;
  - Contract novation and termination; and
  - Professional and project management support including legal, tax and accounting advice.
- These costs were:
- Closely monitored through the TDA Review Board;
  - Approved through structured governance processes; and
  - Actively managed to minimise expenditure.
- 4.6 The one off costs were principally incurred for IT and systems integration and legal, HR and tax issues. These areas combined for circa £473,000 of the one off costs. Costs included software replacements, laptops, general IT services provided by the organisation TDA had contracted with, replacement of non standard devices. In respect of the tax and accounting

advice this included advice, preparation of tax returns, liquidator support. HR advice included advice in relation TUPE, pay and pensions and capacity in the Council's HR team to deal with the matter. Legal costs were incurred in relation to TorVista and its governance, asset transfers related to the six properties where the ultimate landlord was a third party and additionally unit E of Torbay Business Park.

4.7 An ongoing cost impact of £227,711 covering IT systems and support staff is being incurred by the Council with these costs being mitigated through:

- Staffing changes, including vacancy management; and
- Service efficiencies, particularly in housing and support functions.

The integration is now broadly cost-neutral on an operational basis, though:

- This excludes transition costs; and
- Full savings are not yet fully realised or quantified.

4.8 The benefits of the transition have been grouped into financial, non-financial and efficiency categories.

**Governance and Process Efficiencies:**

- Removal of TDA Board and sub-committee structures;
- Elimination of duplicate governance processes; and
- Reduced officer time servicing company arrangements.

**Financial and Administrative Efficiencies:**

- Removal of internal recharging and invoicing between Council and TDA;
- Elimination of separate company accounting processes; and
- Reduction in duplication across support services.

4.9 Most of the assets have now been transferred to the Council from TDA, there are two subsidiaries, KAH Holdings and C&A Consultants remaining. The governance for C&A Consultants will be through the Council's Holding Company. The Holding Company is intended to provide an overarching approach for governance of the subsidiary companies and will have all of the Council's companies contained within the portfolio including KAH Holdings, C & A Consultants. The holding company is expected to be established by the end of July.

**Workforce and Operational Efficiencies:**

- Direct employment of staff enabling flexible deployment;
- Improved alignment to strategic priorities; and
- Integration into standardised Council systems and processes.

4.10 All staff transferred under TUPE and no redundancies occurred. Headcount in TDA at the time of the decision was 128, several members of staff chose to leave prior to the transfer,

and colleagues have now been integrated into Council structures. Service redesign and restructure has delivered operational efficiencies.

- 4.11 While the integration is now broadly cost-neutral operationally, full financial benefits have not yet been realized with further efficiencies expected through ongoing service reviews, continuing organizational alignment, and continuing transformation activity, with full benefits anticipated to be realized over the medium term. This would include financial measures including cashable savings alongside improved delivery of the capital programme, more effective use of resources and stronger Council leadership of place and economy.

## 5. Alternative Options Considered:

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- 5.1 The alternative options were presented to Cabinet and Council in earlier reports.

## 6. Contribution to Council Priorities:

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- 6.1 The decision to close TDA supports the Council's Corporate Plan, particularly the Pride in Place and Economic Growth objectives.
- 6.2 In relation to Pride in Place, the integration has simplified service delivery, reduced duplication, and enabled a more joined-up and efficient operating model. This supports improved service quality and responsiveness to community needs.
- 6.3 In relation to Economic Growth, the Council now has direct control over economic development functions and associated resources. This enables better alignment of activity with strategic priorities, particularly the delivery of the capital programme and growth initiatives.
- 6.4 From a financial sustainability perspective, the removal of structural inefficiencies and improved control over resources provides a stronger platform for long-term savings and more effective use of council funding.

## 7. Consultation and Engagement:

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- 7.1 TEDC Board, Directors and Cabinet.

## 8. Implications:

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### Financial Implications:

- 8.1 The report is for noting and does not seek approval for additional expenditure. One-off transition costs of £590,032 and an ongoing cost impact of £227,711 have been identified and monitored through the TDA Review Board. The ongoing impact is being mitigated through staffing changes, service efficiencies and wider transformation activity. Further savings and efficiencies will be developed through service reviews to 2027 and reported through normal budget monitoring and governance arrangements.

## Legal Implications:

8.2 The dissolution of TDA and transfer of functions has involved legal considerations relating to TUPE, contract novation, asset transfers, company governance and the remaining subsidiary arrangements. These matters have been subject to legal advice as part of the transition programme. The recommendations in this report are for noting only and do not create a new legal decision. Any further decisions relating to the holding company or remaining subsidiaries will be taken through the appropriate governance route.

## Corporate Parenting/Children and Young People:

8.3 No direct adverse impacts on children, young people or care-experienced young people are anticipated from this report, which is primarily concerned with organisational integration and financial assurance.

## Associated Risks, Risk Tolerance Level and Mitigations:

The main risks relate to the delivery of remaining efficiencies, completion of subsidiary governance arrangements, and maintaining service performance as transformation continues. These risks are within the Council's normal risk tolerance provided the mitigations below remain in place.

A summary of key risks associated with the recommendations in this report is:

1. Further efficiencies are not realised as quickly as planned – mitigated through service reviews, budget monitoring and transformation oversight.
2. Residual company and asset matters take longer to complete – monitored through legal, finance and governance oversight and the establishment of the holding company arrangements.

The risks of not maintaining oversight include reduced confidence in the delivery of expected efficiencies and delayed completion of the remaining transition actions. Overall risk exposure is assessed as acceptable within the Council's risk tolerance, subject to continued monitoring.

Full risks are set out below:

<b>Risk</b>	<b>Risk score before mitigations (likelihood x impact)</b>	<b>Mitigations</b>	<b>Risk Score after mitigations (likelihood x impact)</b>	<b>Risk tolerance</b>
Expected efficiencies are not fully realised or are delayed.	3 x 3 = 9	Ongoing service reviews, budget monitoring, transformation governance and regular reporting of savings delivery.	2 x 3 = 6	Medium: acceptable with active monitoring.
Remaining subsidiary, governance or asset transfer matters are delayed.	3 x 3 = 9	Legal, finance and governance oversight; clear escalation routes; holding company arrangements to provide future governance.	2 x 3 = 6	Medium: acceptable with clear governance controls.

Service performance or staff capacity is affected during ongoing transformation.	3 x 2 = 6	Management oversight, workforce planning, integration into Council systems and regular review of service priorities.	2 x 2 = 4	Low to medium: manageable through normal operational controls.
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## Contributions to tackling climate change or achieving carbon neutrality:

8.4 No significant direct climate change or carbon neutrality implications arise from this report.

## Social Value Considerations:

8.5 The proposal supports social value indirectly by strengthening Council control of economic development, regeneration and capital delivery activity.

## Procurement Implications:

8.6 This report does not itself seek approval for a new procurement.

## Other Implications:

8.7 The main operational implications relate to IT systems, HR, finance, governance and information management arising from the completed integration of TDA functions into the Council. These have been managed through the transition programme.

## 9. Equalities 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	<ul style="list-style-type: none"> <li>18% of Torbay residents are aged under 18 years old.</li> <li>55% of Torbay residents are aged between 18 to 64 years old.</li> <li>27% of Torbay residents are aged 65 and older.</li> </ul>	No differential impact arising from this report.		
Carers	<ul style="list-style-type: none"> <li>At the time of the 2021 census there were 14,900 unpaid carers in Torbay.</li> <li>5,185 of these carers provided 50 hours or more of care.</li> </ul>			
Care experienced	<ul style="list-style-type: none"> <li>As of January 2026, there were 277 former care experienced young people aged 18-24 in Torbay.</li> </ul>			
Disability	<ul style="list-style-type: none"> <li>In the 2021 Census, 23.9% of Torbay residents answered that their day-to-day activities were limited</li> </ul>			

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
	<p>a little or a lot by a physical or mental health condition or illness.</p>			
Gender reassignment	<ul style="list-style-type: none"> <li>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.</li> </ul>			
Marriage and civil partnership	<ul style="list-style-type: none"> <li>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.</li> </ul>			
Pregnancy and maternity	<ul style="list-style-type: none"> <li>Between 2013 and 2024, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 56.0 per 1,000) than the Southwest (53.4) and broadly in line with England (56.3).</li> </ul>			

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
	<ul style="list-style-type: none"> <li>For the period 2022 to 2024, rates in Torbay (44.6) have been significantly below England (50.0).</li> </ul>			
Race	<p>In the 2021 Census, 96.1% of Torbay residents described their ethnicity as the following:</p> <ul style="list-style-type: none"> <li>1.6% as Asian, Asian British or Asian Welsh</li> <li>0.3% as Black, Black British, Black Welsh, Caribbean or African</li> <li>1.5% as being of Mixed or Multiple ethnic groups</li> <li>96.1% as White</li> <li>0.4% described their ethnicity another way.</li> </ul> <ul style="list-style-type: none"> <li>Black, Asian and minoritised ethnic communities are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England.</li> </ul>			

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
Religion and belief	<p>The 2021 Census showed that the residents in Torbay identify their religion and/or belief as the following;</p> <ul style="list-style-type: none"> <li>• 48.5% are Christian</li> <li>• 0.4% are Buddhist</li> <li>• 0.2% are Hindu</li> <li>• 0.6% are Muslim</li> <li>• Less than 0.1% are Sikh</li> <li>• 0.1% are Jewish</li> <li>• 0.7% have another religion</li> <li>• 43.2% have no religion</li> <li>• 6.3% did not answer</li> </ul>			
Sex	<ul style="list-style-type: none"> <li>• 51.3% of Torbay's population are female.</li> <li>• 48.7% of Torbay's population are male.</li> </ul>			
Sexual orientation	<p>In the 2021 Census, residents described their sexuality as follows;</p> <ul style="list-style-type: none"> <li>• 89% as Straight or Heterosexual</li> <li>• 1.7% as Gay or Lesbian</li> <li>• 1.1% as Bisexual</li> <li>• 0.1% as Pansexual</li> </ul>			

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
	<ul style="list-style-type: none"> <li>0.1% described their sexuality another way</li> <li>7.4% of people didn't answer the question</li> </ul>			
Armed Forces Community	<ul style="list-style-type: none"> <li>In 2021, 3.8% of residents in England reported that they had previously served in the UK armed forces.</li> <li>In Torbay, 5.9% of the population have previously served in the UK armed forces.</li> </ul>			
<i>Additional considerations:</i>				
Socio-economic impacts (Including impacts on child poverty and deprivation)	<ul style="list-style-type: none"> <li>Torbay is ranked as the 39th most deprived upper tier local authority in England in the Index of Multiple Deprivation 2025.</li> </ul>			
Public Health impacts (Including impacts on the general health of the population of Torbay)	<ul style="list-style-type: none"> <li>For the five-year period 2020 to 2024, data shows there is a 6-year life expectancy gap between males who live in Torbay's least and most deprived</li> </ul>			

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
	areas and, a 3-year gap for females.			
Human Rights impacts				
Child Friendly				

## 10. Cumulative Council Impact:

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10.1 None

## 11. Cumulative Community Impact:

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11.1 None

## 12. Monitoring and Evaluation:

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12.1 None