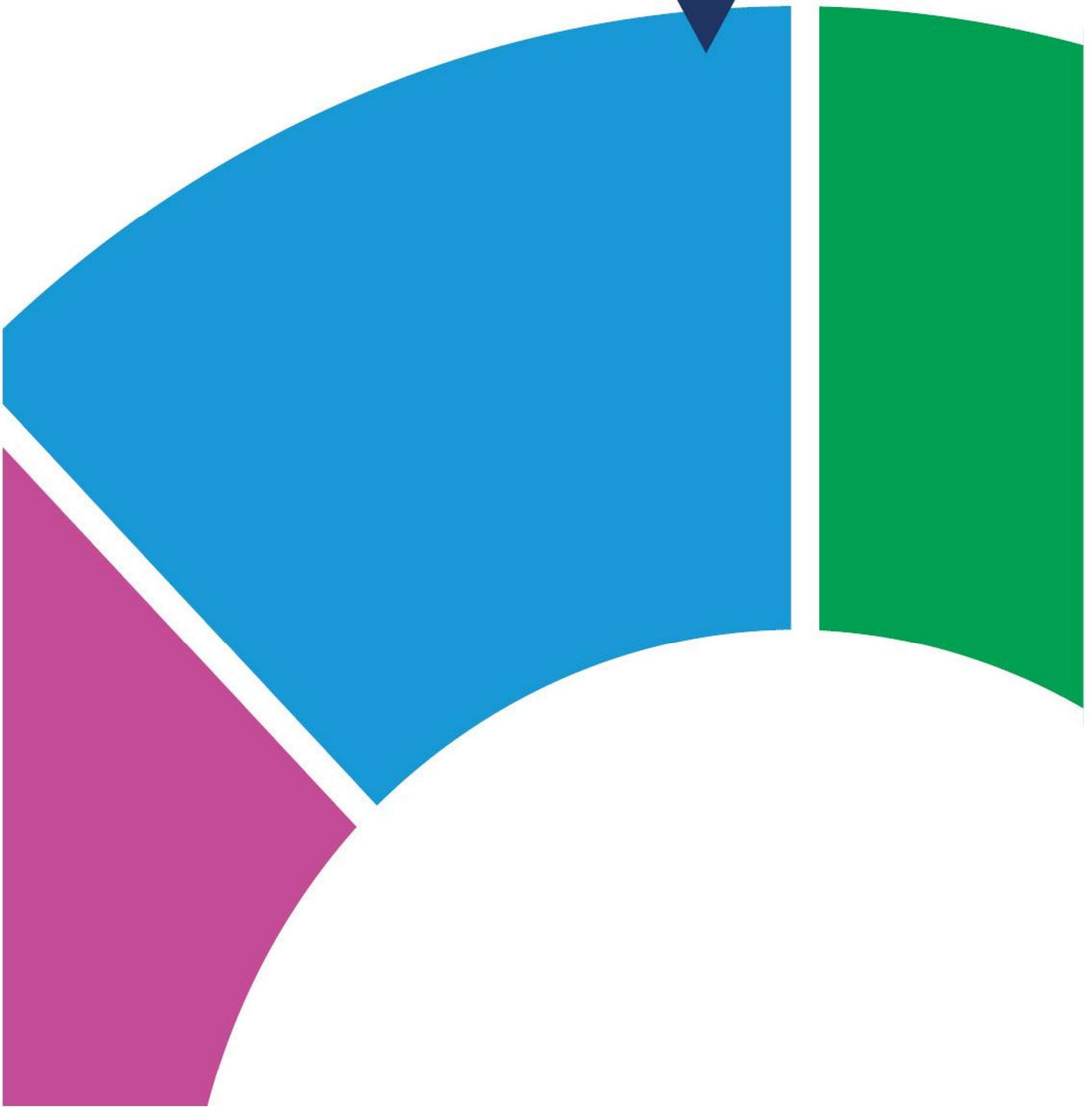


2023 -24



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# 1. Introduction

The purpose of the Statement of Accounts is to present a detailed overview of the Council's financial position as at the end of March 2024. It gives information as to the Council's assets and liabilities at a point in time (31st March 2024) and detail on the Council's financial performance during 2023/24. This information, where material, is supported by notes to the accounts.

The Statement of Accounts includes:

- Director of Finance's Narrative Statement
- Statement of Accounts including:
  - The Core Financial Statements for 2023/24, comprising, Comprehensive Income and Expenditure statement, Movement in Reserves statement, Balance Sheet and Cashflow statement.
  - Notes to the Core Financial Statements, providing further detail to the Core Statements
  - Accounting Policies, the 'framework' adopted in preparing the accounts.
  - The Collection Fund Summary Account (accounting for the collection of National Non-Domestic Rates (NNDR) and Council Tax)
  - Group Accounts
  - Annual Governance Statement

The form and content of the Statement of Accounts is set in detail within the CIPFA Code of Practice and is produced on an International Financial Reporting Standards (IFRS) basis. The classification of costs, income and services under IFRS and the Code of Practice is different to the Council's internal financial reporting mechanisms.

The accounts are presented on a going concern basis as Council's cannot be created or dissolved without statutory prescription, therefore a going concern basis is the appropriate method.

The Statement of Accounts is a lengthy and complex technical document, mainly due to the statutory reporting requirements. The figures in these accounts are presented to the nearest £100,000 unless stated otherwise within the individual tables. The CIPFA Code of Practice states that:

*"Information is material if omitting it or misstating it could influence decisions that users make based on financial information about a specific reporting authority. In other words, materiality is an authority-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual authority's financial statements".*

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

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

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

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

The Council, under the Accounts and Audit Regulations, must approve an Annual Governance Statement which provides an explanation of the Council's governance framework, provides a summary of how the effectiveness of the framework has been reviewed over the course of the year and actions which will be taken over the coming year to improve the Council's governance.

The audit of accounts considers the Annual Governance Statement as part of the work. The audit opinion details the findings in respect of the requirement to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE.

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

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

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

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

There is a glossary at the end of this document to help explain the meaning of some of the local government finance and accounting terms.

The Council is required under statute to publish its unaudited accounts by the 31<sup>st</sup> May of the following financial year. The Council's external auditors will audit the accounts to enable the Council, via Audit Committee, to approve its accounts with a publication date of audited accounts by end of September. The Council published its unaudited statements on 31<sup>st</sup> July 2024.

## **2. Director of Finance’s Narrative Statement**

### **Our Place**

Torbay offers an unrivalled quality of life for individuals and families. It has a range of opportunities to offer as a place to invest, live, visit and have fun in. Whilst a magnet for visitors, the beautiful Tor Bay and its stunning natural environment also hosts hi-tech businesses and a vibrant arts and cultural scene.

Torbay comprises the three coastal towns of Torquay, Paignton and Brixham with a population of 139,300, of which 79,844 are between the ages of 16 and 64.

However, like other coastal communities, Torbay has its challenges, and we are committed to reducing the associated poverty, deprivation and inequalities that exist in the Bay, and providing more opportunities for young people.

### **Our Council**

As a unitary authority, Torbay Council is responsible for a wide range of services including social care, transport, culture, housing, parks, beaches, and waste. Local elections are held every four years. Since May 2019, Torbay Council has operated with the Leader and Cabinet model of governance, having previously had an Elected Mayor for 12 years. A total of 36 Councillors represent Torbay’s 16 wards.

Following the local elections in May 2023, the Conservative Group gained most seats, resulting in a change in the control of the Council and a new Leader of the Council and Cabinet. Accounting for some in-year political movement, the political make-up of the Council at 31st March 2024 was 17 Conservatives, 15 Liberal Democrats, 2 Independents, 1 Prosper Torbay and a vacant seat which a by-election took place in June 2024.

The result of the June by-election was the Conservative Group gaining the vacant seat, resulting in a revised political make-up of 18 Conservatives, 15 Liberal Democrats, 2 Independents and 1 Prosper Torbay.

Further details of the Council’s governance and its risk management arrangements are set out in the Annual Governance Statement, which is included at the end of this Statement of Accounts document.

Supporting the work of the Leader of the Council and Councillors is the Officer structure of the Council, headed by the Senior Leadership Team (SLT). This is made up of the Council’s most senior officers and ensures that the key Statutory Officers are represented at the most senior level of the Council. Torbay Council employs 1,122 people (as at end of March 2024) not including school-based employees.

### **Devolution**

The Government has published proposals for a ground-breaking Devolution Deal for Devon and Torbay that could re-draw the future relationship with Whitehall and

transfer a range of powers and funding to local democratic control. Further details are available at [www.devontorbaydeal.org.uk](http://www.devontorbaydeal.org.uk).

A devolution deal is an agreement between Government and a group of councils. Deals cover issues such as transport, housing, skills, and support for business. Since November 2023 the Government has had four levels of devolution, each with different powers and functions. The devolution deal for Devon and Torbay is a level 2 deal. In February 2024 Devon County Council and Torbay Council agreed to support the proposed deal and resolved to carry out a public consultation.

The results of the consultation were considered at the end of April 2024. The final proposal for the Devon and Torbay Combined County Authority, (DT CCA), was submitted to Government on 1 May 2024. This includes a table listing the powers and functions that will be devolved to the CCA.

The Minister of State for Housing, Communities and Local Government signed legislation on 4 February 2025, under power delegated by the Levelling-up and Regeneration Act 2023, legally bringing the Devon and Torbay Combined County Authority (CCA) into being from 5 February 2025.

The new Combined County Authority has been established to allow Devon (and their districts) and Torbay to work more closely together, with powers and funding devolved from Government. The members of the Devon and Torbay CCA will meet formally at the inaugural meeting in March 2025.

The CCA members are drawn from Devon County Council, Torbay Council, and Devon's District/City/Borough Councils. The Police and Crime Commissioner is also a member alongside representatives from the business community and skills providers.

The Devon and Torbay CCA will be responsible for making decisions about the powers and funding devolved to it from Whitehall through the devolution deal that was agreed in 2024 covering skills, housing, transport and the economy.

### **Our Community and Corporate Plan**

Torbay is a glorious part of Devon with an inspiring natural environment. We are a magnet for tourists and known as the English Riviera. We are home to globally significant technology businesses and have a rich leisure and cultural scene.

We want to deliver for our people and our place. We know we have challenges, but we have high aspirations. By continuing to work closely with our communities and partners and capitalising on our strengths, we want to make Torbay a great place to do business – a place where everyone is able to live their best life.

To provide a sustainable focus over the medium to long term, the Council has recently approved a revised 20-year Community and Corporate Plan which has received cross political party support.

Link to the Corporate Plan:

<https://www.torbay.gov.uk/council/policies/corporate/corporate-plan/>

The long-term Corporate Plan identifies three strategic themes, each with several priority areas:

- Community and People
- Pride in Place
- Economic Growth

The Corporate plan includes details of:

- The priorities for the strategic theme
- The outcomes we want to see
- How we'll measure progress
- Links to the policy framework for the theme

### **Council Business Plan 2024-27**

In addition to the Community and Corporate plan a Council Business Plan 2024/27 has been approved. The plan focusses on delivery for the four-year period and it provides details of:

- Specific actions which will be taken to deliver the priorities
- The milestones in respect of each priority
- Performance Indicators associated with the priority

### **Our Performance**

Regular performance reporting has been maintained for both senior officers and politicians throughout. A summary of the key outcome-based indicators from the Corporate Plan are detailed below:

#### **Our Community and People**

The annualised rate per 10,000 children of referrals to Children's Services decreased from 822 at the end of 2022/23 to 745 at the end of 2023/24; this is a reduction of 9.3%.

The percentage of referrals in the period that were previously open to Children's Services within the last 12 months was 27% at the end of 2023/24. This is an increase of 5% from the figure at the end of 2022/23.

The annualised rate of children becoming cared for per 10,000 children reduced to 29 at the end of March 2024 (44 - March 2023) meaning that fewer children need to be cared for by the Council.

The percentage of adults with a learning disability in paid employment was 6.3% for the end of March 2024. This is a decrease of 1.5% for the same period of the previous year.

The percentage of people who are dependent on alcohol who are not in the treatment system reduced to 59% at the end of March 2024 (64.9% March 2023)

## **Economic Growth**

Average earnings for Torbay are increasing but are still a way below the target figures (the Great Britain average). For 2024 gross weekly earnings by residence for full time workers increased to £574.90 (£566.70 - March 2023).

The percentage of people in Torbay aged 16-64 who are in employment at the end of March 2024 is 74.1% (76.0% - March 2023).

The percentage of out-of-work benefits claimants at the end of 2023/24 was 3.4%, a slight increase on the 2022/23 figure which was 3.3%.

## **The Cost of Living**

During 2023/24, any residual economic impact from the pandemic on the people and the business sectors in Torbay were subsumed into the national and international effects of what has become known as the cost-of-living crisis, affecting the economy and people's lives.

Individuals have seen the costs of everyday living, particularly energy and food prices continue to soar. This is still exacerbated by international factors, as inflation reached double figures and interest rates rose sharply; businesses were similarly under pressure from rising energy and food prices.

The effects on the Council are similar - higher energy costs have increased the costs of providing a range of services; for example, the waste collection service carried out by SWISCO Limited. As a major employer, the Council has paid market-driven pay increases which were higher than expected or budgeted at the time.

Whilst the economic environment is uncertain, and the duration of high inflation and higher interest rates is unknown, the Council is confident that it has made adequate provision in its budgets and forecasts to enable it to manage the effects of the crisis. Its income continues to be bolstered by c.£4.6m per annum net surplus from its investment portfolio and high interest returns made on cash balances throughout the financial year has helped to deliver an estimated end of year surplus.

The Council has continued to improve the in-year Council Tax collection rate, which increased to 96.13% (95.3% 2022/23). In addition we have improved Council Tax processing times from 26 weeks, at the start of the financial year, to just 8 weeks.

## **Our Financial Performance**

### **Financial Context**

Torbay Council was responsible for managing cash flows and assets of around £1 billion in 2023/24.

The Council:

- Collected £104.9m of Council Tax which is an in-year collection rate of 96.13% (95.3% 2022/23) and £29m of National Non-Domestic Rates (Business Rates) which is an in-year collection rate of 94.77% (95.01% 2022/23).



- Held over £667m of non-current assets including £307m of operational assets (Property, Plant & Equipment) for delivering services, £47.6m of heritage assets, and £164m of investment properties which generated a net rent of £14m in the year.
- In 2023/24 spent £46.7m on capital projects (and loans for a capital purpose) funded from capital receipts, grants, contributions and borrowing.
- In 2023/24 the total revenue budget was £350m for day to day spend on a wide range of services.
- £218m was budgeted as income, consisting of grants, fees, charges, rent and other income; used to fund the delivery of its services.

On a national level, economic and political uncertainty, changes in funding, services and legislation by the Government continue to impact on the Council, its partners, and residents. The three-year 2021 Spending Review announced in October 2021 was followed up by one-year Local Government Financial Settlements for both 2022/23, 2023/24 and now 2024/25 which makes it difficult to financially plan over the longer term with uncertainty over future funding levels.

MHCLG’s aim of implementing a new funding formula and a revised business rates retention system, (both last updated in 2013), has been delayed and are now stated to occur “in the new parliament”. MHCLG are also expecting that the introduction of the ‘Extended Producer Responsibility’ legislation will result in a significant new income stream for councils, however this has been deferred from the planned 2024/25 implementation date.

### **Revenue Budget 2023/24**

The Council’s Net Revenue Budget requirement for 2023/24 was £130.6m. The Council had already started the process of managing the financial challenges ahead, through identifying and implementing service changes and income generation opportunities and in some cases, service reductions.

The Council raised its level of Council Tax by 4.99% which included a “precept” for Adult Social Care. This resulted in the Council setting its share of the Council Tax for a Band D property at £1,774 (£1,690 in 2022/23).

The table below shows how the Council’s revenue budget was funded in 2023/24.

	2022/23 £m	2023/24 £m
<b>Net Budget Requirement</b>	<b>120.8</b>	<b>130.6</b>
<b><u>Funding source</u></b>		
Other Grants	(0.2)	0
NDR Rate Retention	(35.6)	(39.7)
Revenue Support Grant	(6.8)	(7.7)
Council Tax	(78.1)	(82.7)
Collection Fund surplus	(0.1)	(0.5)

## Council Spending in 2023/24

The table below provides a summary of the budget and the outturn position across Council services for 2023/24.

	Final Budget	Outturn	Variation	
	£m	£m	£m	%
Adults' Services	51.6	<b>55.5</b>	3.9	7.6%
Children's Services	50.4	<b>46.4</b>	(4.0)	-7.9%
Corporate Services	12.7	<b>13.5</b>	0.8	6.3%
Financial Services	(13.3)	<b>(10.7)</b>	2.6	-19.5%
Pride in Place	22.9	<b>7.5</b>	(15.4)	-67.2%
Public Health	10.4	<b>9.3</b>	(1.1)	-10.6%
Other operating Income and Expenditure	(4.1)	<b>(4.1)</b>	0.0	0.0%
<b>Total Cost of Services</b>	<b>130.6</b>	<b>117.4</b>	<b>(13.2)</b>	-10.1%
Capital Expenditure funded from revenue reserves	<b>0.0</b>	<b>2.3</b>	2.3	
MRP	<b>0.0</b>	<b>8.2</b>	8.2	
<b>Net Cost of Services</b>	<b>130.6</b>	<b>127.9</b>	<b>(2.7)</b>	-2.0%

	Final Budget	Outturn	Variation	
	£m	£m	£m	%
<b>Funded by:</b>				
Business Rates Retention	(39.7)	<b>(28.5)</b>	11.2	-28.2%
Section 31 grant	0.0	<b>(8.9)</b>	(8.9)	
Pool Receipt - Devon	0.0	<b>(1.2)</b>	(1.2)	
Council Tax Demand on the Collection Fund (inc precepts)	(83.1)	<b>(83.1)</b>	0.0	0.0%
Collection Fund (Surplus)/Deficit	(0.5)	<b>(0.4)</b>	0.1	-20.0%
Parish precepts	0.4	<b>0.4</b>	0.0	0.0%
General Grants	(7.7)	<b>(10.7)</b>	(3.0)	39.0%
Contributions to/(from) Earmarked Reserves	0.0	3.9	3.9	
Contributions to/(from) General Fund Balance	0.0	0.6	0.6	
<b>Total Funding</b>	<b>(130.6)</b>	<b>(127.9)</b>	<b>2.7</b>	-2.1%

The outturn for the council in 2023/24 was a surplus of £4.5m, £3.9m of the surplus was transferred to earmarked reserves and the small underspend of £0.6m was credited to the general fund. The variances across services were generally small in nature, the cause of the variances by service are summarised below:

- **Adult Services** – The overspend relates to the provision of temporary accommodation to individuals/families and the prevention of homelessness
- **Children’s Services** - The cost of placing children in care, including Unaccompanied Asylum-Seeking Children (UASC), continues to be the main reason for the overspend.
- **Corporate and Executive Services** - Spending pressures within Legal Services, which is a national issue affecting Councils. This is a result of the difficulties in recruiting permanent staff.
- **Finance Services** - The underspend is mainly a result of increased interest rates in respect of investments.
- **Pride in Place Services** – Overspend in Development Control mainly due to additional expenditure on professional fees and agency staff and income being lower than budgeted. An underspend on the Concessionary fares budget due to usage and associated costs being lower than budgeted. Building control fee income was lower than budgeted.

The schools’ higher needs block in the Dedicated Schools Grant (DSG) continues to be under financial pressure because of an increasing level of referrals from schools for higher needs support for children. For 2023/24 there was an overspend of £1.024m. The DSG reserve balance is a £5.486m deficit at the end of 2023/24, following a £7.270m contribution to the Safety Valve from the DfE, who have agreed to provide additional funding over the next 4 years (to extinguish the deficit) subject to the Council delivering against a set of operational targets. This reserve is reported as an unusable reserve.

Overall, the Council’s financial performance in 2023/24 was an underspend of £4.5m that has been transferred to reserves.

### **Capital Plan**

The Council spent £46.7m on capital expenditure in 2023/24 (£33m 22/23). This spend was funded as shown in the table below.

	2023/24 Budget £m	2023/24 Provisional Outturn £m	2023/24 Variance £m
<b>Total Capital Programme</b>	<b>58.5</b>	<b>46.7</b>	<b>(11.8)</b>
<b>Funded By:</b>			
External Grants & Contributions	24.7	13.2	(11.5)
Refcus grants	0.0	3.2	3.2
Revenue reserves	3.4	2.3	(1.1)
Use of Capital Receipts	0.5	0.1	(0.4)
Borrowing Requirement	29.9	27.9	(2.0)
<b>Total Funding</b>	<b>58.5</b>	<b>46.7</b>	<b>(11.8)</b>

Of the £46.7m, £40.5m was added to the value of the Council's non-current assets (before any in-year revaluation) – these are primarily land, buildings, and investment properties. A summary of main capital schemes in 2023/24 is shown below:

Corporate Plan Theme	Examples of 2023/24 Schemes
Thriving People and Community	School expansions and developments, temporary accommodation, Disabled Facilities Grant
Thriving Economy	Harbour View hotel, highways improvements, Town Deal and Future High Street Fund projects, Edginswell retail site
Tackling Climate Change	Green Waste service, renewable energy projects
Council Fit for the Future	Essential repairs

### **Torbay “Group” Companies – Overview of Financial Performance**

The Council has interests in several companies as shown in the table below which also includes an overview of the companies' financial performance in the year, based on draft 2023/24 accounts.

On 1<sup>st</sup> April 2024 Torbay Economic Development Agency (TEDC), subsidiary companies and component parts of the business were transferred to Torbay Council; further detail is included within note 10.

Entity	Assessed Relationship	Council Shareholding/Control	Turnover £m	Surplus/ (Deficit) for year £m	Property, Plant & Equipm't £m	Net Equity £m
<b>TDA Group Ltd: Torbay Economic Development Company Ltd, trading as TDA. Includes: TDA, Kings Ash Holdings, Complete Facilities Management Ltd, C &amp; A Consultancy Ltd, Business Centres South West, TEDC Developments Ltd and Torvista Homes Ltd.</b>	Wholly-owned company	100%	11.1	0.6	19.3	8.1
<b>SWISCO Limited (South West Integrated Services Company)</b>	Wholly-owned company	100%	23.4	0.1	4.6	(11.5)
<b>CSW Group Ltd</b>	Associate	25%	1.7	0.1	0	(0.3)
<b>Torbay Education Limited</b>	Wholly-owned company	100%	0.9	0.1	0	0

The Council has produced group accounts. For the year 2023/24 the values of the Council's subsidiaries' non-current assets in relation to the Council's own balance sheet were not significant.

## **Schools**

As at 31 March 2024, The Council had 7 schools that are reflected in the Council's accounts, both within its Income and Expenditure Statement and its Balance Sheet. These are 4 primary schools, 2 secondary schools and 1 special school.

These schools are funded by the Dedicated Schools Grant which for 2023/24 was £50.82m compared with £47.12m in 2022/23. The level of earmarked school reserves as at 31 March 2024 is £3.456m (£2.959m in 2022/23). Further details on school asset recognition and the use of Dedicated School Grant in 2023/24 are included in the notes to the accounts.

In previous years, Council schools converted to Academy status and are now fully independent of the Council. In Torbay, at 31<sup>st</sup> March 2024, a total of 35 schools had converted.

## **Economy, efficiency and effectiveness in its use of resources**

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

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

Audit Committee agendas and minutes are available on the Council's website. The Council publishes extensive information on its expenditure including details of payments in excess of £500. Details of the Council's pay policy can also be found on the Council's website.

## **Overview of Financial Performance in 2023/24.**

The Council is a partner in an agreement with the Torbay and South Devon NHS Foundation Trust (which operates as an Integrated Care Organisation providing adult social care services for Torbay Council as well as community and adult health services) and the NHS Devon Integrated Care Board. Under the agreement with the ICO, the Council pays a fixed amount per annum, thereby providing financial certainty for each financial year. The agreement was extended by two years to March 2025 and a new 5 year agreement has recently been agreed from 2025/26 to 2029/30 at a cost of circa £60m a year.

The Council's gross expenditure in the year was approximately £350m for revenue (day to day) spend and £46.7m for capital (such as spend on long term assets including roads and schools).

Most of the Council's employees are members of the Devon County Council Local Government Pension Scheme. As a defined benefit scheme, the Council is liable for any surplus or deficit on the fund. The Council's liability is calculated on an annual

basis by the fund's actuary. This value estimates the liability of the Council if all liabilities were to be realised at a point in time.

The impact on the Council is spread over a long period of time (i.e., over current, and future pensioners' lives) with the Council reducing the deficit by its employers' contributions to the fund over the long term (over 14 years from April 2020). A triennial review of the fund took place as at 31st March 2022, resulting in a re-measurement of the value of the Council's liabilities at the time.

The actuarial review for 2023/24 year-end has resulted in an increase to the Council's employer contribution rate from April 2024. The Council's net pension liability as at 31st March 2024, as calculated under IAS19 which is a different basis to the triennial review, is assessed at £5.4m, which is a £3.2m decrease in net liability over the previous year. This is primarily due to the updated financial assumptions in the actuarial review. Following the impact of IFRIC14 to cover the temporary asset position of the pension, the actuaries provided an asset ceiling of £32.1m in-year.

For 2023/24 there were no changes in IFRS that impacted on the accounting policies relevant to Torbay's accounts. The introduction of a new standard for leases (IFRS16) has been deferred to 2024/25.

The Council's **Comprehensive Income and Expenditure Statement** (CIES) is presented on an IFRS basis. This includes earlier recognition of grants, based on conditions attached to the grant rather than matching the grant to expenditure, and several "non-cash" items such as depreciation and pension assumptions, which should then allow the Council's accounts to be comparable to other sectors' accounts. The total for the Provision of Services for 2023/24 is a deficit of £26.3m (£19.4m deficit in 2022/23).

The total from the Comprehensive Income and Expenditure statement is reflected in the **Movement of Reserves Statement** which then adds the impact of any reserve movements to usable reserves and unusable reserves to get to the "bottom line" Council position for 2023/24. Within this is the reversal of a number of accounting entries made under IFRS that appear in the Council's Comprehensive Income and Expenditure statement such as depreciation and pension assumptions, which are allowed, under statute, to be reversed to ensure that these entries do not have a "cash" impact on the Council Taxpayer. After these adjustments the Council's net outturn for the year was a small surplus, which matches the Council's management financial reporting position. This statement shows that the Council's useable reserves had a net increase of £7m.

On the **Balance Sheet** there were some significant changes in year. There was a net increase of £6.8m in the value of the Council's non-current assets and a £33.3m decrease in the value of the Council's current assets. There was a £3.2m decrease in the Council's net pension liability, mainly as a result of the re-measurement of the prior year's balance from the Triennial Review as detailed above.

The Council's General Fund Reserve was £6.4m at 31<sup>st</sup> March 2024, which is equivalent to 4% of the Council's 2023/24 net revenue budget. Overall, the Council's

net assets were lower than the previous year by £3m resulting in a net worth of £278.9m.

Torbay's net worth significantly changes year on year. In years where the liability increases significantly it does not mean Torbay was not a going concern. Councils are required to operate within the framework set out in the Local Government Acts and Torbay will continue to budget for a positive General Fund balance but is not required to maintain a positive net worth.

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

### **Forward Financial look**

The Council has a rolling four-year Medium-Term Resource Plan which supports service planning for future years. The Medium-Term Resource Plan was updated in March 2024 as part of the 2024/25 budget setting process. The three-year 2021 Spending Review announced in October 2021 was followed up by one-year Local Government Financial Settlements for both 2022/23, 2023/24 and now 2024/25 which makes it difficult to financially plan over the longer term with uncertainty over future funding levels.

MHCLG's aim of implementing a new funding formula and a revised business rates retention system, (both last updated in 2013), has been delayed and are now stated to occur "in the new parliament".

The economic impact of the COVID pandemic has now been overtaken to a large extent by the cost of living crisis linked to volatile economic conditions that has seen high inflation and high fuel and utility costs.

Despite such uncertainty, the Council has forward projected anticipated income levels and spend commitments over the next three financial years. The funding gap identified for 2024/25 has subsequently been addressed through the improved financial settlement but the figures for 2025/26 and 2026/27 still represent shortfalls that need to be addressed (details can be found on the Council website).

<https://www.torbay.gov.uk/council/finance/budget/>)

The Medium-Term Resource Plan (March 2024 update) provides details of the number of significant issues and risks that are impacting on the Council, its finances, and its service delivery:

- Pay costs and increases to the Living Wage
- The rate of inflation runs at high levels
- Provider and Contractor uplifts
- Adult social care demand levels
- Children's Social Care demand levels
- Demand in Housing and Temporary Accommodation
- Growth and Investment priorities

A summary of projected revenue income and expenditure for the next four financial years is detailed below:

	2024/25 £000	2025/26 £000	2026/27 £000
Net Income Increase per annum	(9,400)	(5,800)	(6,100)
Net Spend Increase per annum	9,900	11,400	8,200
Income from fees and charges	(200)	(200)	(200)
Net (Surplus)/ Deficit per annum	300	5,400	1,900
Cumulative (Surplus)/ Deficit	300	5,700	7,600

A more strategic approach has been taken in setting savings plans that underpin the 2024/25 revenue budget and provide the basis for the 2025/26 and 2026/27 revenue budgets. These plans focus upon key significant areas of budget spend and pressures where relevant action can make the biggest difference, both in terms of outcomes and financial savings. Rather than a definitive savings target, each action has been assigned a range of potential annual savings, which will be refined further as progress is made over time.

The Council has an approved Capital Plan that is updated throughout the year with any new funding or schemes. A summary of 2023/24 capital spend (as approved by Council in March 2023) shows the planned capital spend for 2023/24 as £90m. During 2023/24 the Council's capital programme experienced further significant increases in costs owing to instability in the contractor market, and to rises in borrowing costs; the impact of these market challenges is likely to continue over the next few years. These changes reduce the financial viability of capital projects, including those being funded by grants, where the grants have not increased to meet the increased costs.

The budget for 2024/25 includes a Capital Strategy which provides a high-level overview of how capital expenditure, capital financing, investments, liabilities and treasury management activity contribute to the provision of services, together with an overview of how the associated risk is managed, and the implications for future financial sustainability.

### **Borrowing and Investments**

The Council undertakes borrowing to support its capital expenditure. As at 31 March 2024 the Council had £362.7m of borrowing, primarily from the Public Works Loans Board, a decrease of £24.2m in year.

During 2023/24 £18.7m of PWLB borrowing was repaid for the purpose of realigning the borrowing portfolio with revised capital plans over the medium term and £7.6m of existing loans matured without replacement. The early repayment of the PWLB borrowing enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

In addition, it had a long-term liability of £3m to the PFI contractor for The Spires (formerly Westlands) and Homelands schools and a liability of £11m in relation to the Council's share of the Energy from Waste Facility in Plymouth. The Council had



£50m (£91m in 2022/23) of cash investments at year end with a net debt position (including PFI liabilities) of £327m (compared with £309m in 2022/23).

The cash levels were higher in the year primarily because of the timing of the receipt and spend of grants and funding received but not spent. In addition, the Council's capital expenditure in the year was again lower than in recent years which resulted in no additional in-year borrowing.

The level of Council borrowing reflects the Council's capital financing requirement plus the borrowing required by the Capital Plan. The Council's investments and other cash holdings are sufficient to meet the Council's short term cash requirements for revenue expenditure and any "cash backed" balance sheet items such as reserves and working capital. Significant Provisions, contingencies, or insurance contracts.

The Council has provisions at year end of £2.7m (£3.0m in 2022/23). These are primarily in relation to insurance claims (submitted to the Council but currently being investigated) and in relation to the Council's share of NNDR appeals.

The Council has given several pension guarantees, as Council staff transferred to other bodies. These are a type of insurance contract and are unlikely to result in a cash payment if the other body is solvent.

### **2021/2022 & 2022/23 Statement of Accounts**

The Council's 2021/22 Statement of Accounts were signed off at Audit Committee in July 2024. The accounts have not been signed in line with the Government's Statutory deadline, which is an issue that is common across many Councils. The audit of the 2021/22 accounts has taken a significant amount of time due to a number of challenges, particularly continuing issues in the local external audit market.

The government consulted on options to resolve the nationwide issue of the high volume of accounts that have not had an audit opinion issued. The 'backstop' option which enables auditors to 'sign off' outstanding accounts by 13 December 2024 with minimal, if any, audit work being completed. The Director of Finance and the auditors agreed that due to timescales the 'backstop' option would be taken in respect of the 2022/23 audit of accounts.

The Council's 2022/23 Statement of Accounts were signed off by the Audit Committee on the 27 November 2024. The auditors (Grant Thornton UK LLP) were not able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Council's or group's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. Therefore, the auditors issued a disclaimer of opinion on the financial statements.

Signed by:

Date: 28<sup>th</sup> February 2025



Malcolm Coe - Director of Finance

### **3. Financial Certificates**

The Statement of Responsibilities for the Statement of Accounts

#### **The Council's Responsibilities**

The Council is required:-

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

#### **Audit Committee Approval of the Statement of Accounts 2023/24**

I confirm that the Council completed its approval process of the Statement of Accounts 2023/2024 on the 25 February 2025 at a meeting of the Council's Audit Committee.



Councillor Martin R Brook

Chair of Audit Committee  
28th February 2025

## 4. The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:-

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities
- Assessed the Council's ability to continue as a going concern disclosing, as applicable, matters relating to going concern
- Used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future

### The Chief Finance Officer's Statement

The Statement of Accounts as required by the Accounts and Audit Regulations is set out on pages 20 to page 108 and has been prepared in accordance with the accounting policies which are set out, if significant, on pages 28 to 42.

In my opinion it is a true and fair view of the financial position of the Council as at 31st March 2024, and its income and expenditure for the year ended 31st March 2024. The accounts will be audited by the Council's External Auditor, Grant Thornton UK LLP.



**Malcolm Coe**  
**Director of Finance**

28th February 2025

# 5. Independent auditor's report to the members of Torbay Council

## Report on the audit of the financial statements

### Disclaimer of opinion

We were engaged to audit the financial statements of Torbay Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Balance Sheet, the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, the Collection Fund Statement, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Authority or the group. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 11 December 2024, we issued a disclaimer of opinion on the Authority's and the group's financial statements for the year ended 31 March 2023, as we had not been able to obtain sufficient appropriate audit evidence by 13 December 2024, the previous backstop date, that the financial statements were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority and Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Authority's and group's opening balances reported in the financial statements for the year ended 31 March 2024. Consequently, we have been unable to satisfy ourselves over the in-year movements in the net pension liability and property, plant and equipment and this has resulted in uncertainty over the closing balance of property, plant and equipment of £307.7 million as at 31 March 2024. Similarly, we have not been able to obtain assurance over the Authority's and group's closing reserves balance of £273.4 million as at 31 March 2024, also due to the uncertainty over their opening amount.

We have concluded that the possible effects of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2024 by the backstop date.

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

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### **Opinion on other matters required by the Code of Audit Practice**

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's and group's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

### **Responsibilities of the Authority and the Director of Finance**

As explained more fully in the Chief Finance Officer's Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Authority's and the group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

## **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter, except:

On 25 February 2025, we identified a significant weakness in the Authority's governance arrangements. This was in relation to the Council's capacity and capability within its finance team to support the preparation of its statement of accounts. We recommended that the Council ensures there is sufficient capacity and capability so that financial reports including the statement of accounts, are prepared adequately with sufficient quality assurance for review. Furthermore, sufficient capacity should be given to the finance team to ensure that audit queries are met in a timely manner and resolved sufficiently.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

### **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for Torbay Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until the National Audit Office has concluded their work in respect of Whole of Government Accounts for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Julie Masci*

Julie Masci, Key Audit Partner

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

Bristol

28 February 2025

## 6. Explanation of the Core Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

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

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

**Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

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



## 7. Movement in Reserves Statement

This statement analyses the in-year changes in both usable and unusable reserves.

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m
<b>2023/24</b>							
Balance at 1 April 2023 re-stated	(5.7)	(65.6)	(1.3)	(23.4)	(96.0)	(179.8)	(275.8)
Movement in Reserves in 2023/24:							
Surplus (deficit) on the provision of services (accounting basis)	26.3	-	-	-	26.3	-	26.3
Other Comprehensive Income and Expenditure	-	-	-	-	-	(23.8)	(23.8)
Total Comprehensive Income and Expenditure	26.3	-	-	-	26.3	(23.8)	2.5
Adjustments between accounting and funding basis under regulation - note 6	(30.8)	-	-	(2.5)	(33.3)	33.3	-
Net increase/decrease before transfers to Earmarked reserves	(4.5)	-	-	(2.5)	(7.0)	9.5	2.5
Transfers to/from Earmarked reserves - note 11	3.9	(3.9)	-	-	-	-	-
(Increase)/Decrease in Year	(0.6)	(3.9)	-	(2.5)	(7.0)	9.5	2.5
<b>Balance at 31 March 2024</b>	<b>(6.3)</b>	<b>(69.5)</b>	<b>(1.3)</b>	<b>(25.9)</b>	<b>(103.0)</b>	<b>(170.3)</b>	<b>(273.3)</b>

## 7. Movement in Reserves Statement (Continued)

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m
<b>2022/23 re-stated</b>							
Balance at 1 April 2022	(5.7)	(67.0)	(1.2)	(22.4)	(96.3)	(39.2)	(135.5)
Movement in Reserves in 2022/23:							
(Surplus )/deficit on the provision of services (accounting basis)	19.5	0.0	0.0	0.0	19.5	0.0	19.5
Other Comprehensive Income and Expenditure	0.0	0.0	0.0	0.0	0.0	(159.9)	(159.9)
Total Comprehensive Income and Expenditure	19.5	0.0	0.0	0.0	19.5	(159.9)	(140.4)
Adjustments between accounting and funding basis under regulation - <i>note 6</i>	(18.2)		(0.1)	(1.0)	(19.3)	19.3	0.0
Net increase/decrease before transfers to Earmarked reserves	1.3	0.0	(0.1)	(1.0)	0.2	(140.6)	(140.4)
Transfers to/from Earmarked reserves - <i>note 11</i>	(1.3)	1.4	0.0	0.0	0.1	0.0	0.0
Increase/(Decrease) in Year	(0.0)	1.4	(0.1)	(1.0)	0.3	(140.6)	(140.4)
<b>Balance at 31 March 2023</b>	<b>(5.7)</b>	<b>(65.6)</b>	<b>(1.3)</b>	<b>(23.4)</b>	<b>(96.0)</b>	<b>(179.8)</b>	<b>(275.9)</b>

## 8. Balance Sheet

31 March 2023 re- stated	£m		31 March 2024	£m
288.9	Property, Plant and Equipment	<i>Note 14</i>	<b>307.7</b>	
182.1	Investment Properties	<i>Note 16</i>	<b>163.8</b>	
97.6	Infrastructure Assets	<i>Note 15</i>	<b>94.3</b>	
40.2	Heritage Assets	<i>Note 18</i>	<b>47.6</b>	
0.8	Intangible Assets		<b>0.7</b>	
14.6	Long Term Investments	<i>Note 31</i>	<b>14.6</b>	
36.2	Long Term Debtors	<i>Note 21</i>	<b>38.5</b>	
<u>660.4</u>	<b>LONG TERM ASSETS</b>		<u><b>667.2</b></u>	
29.3	Short Term Debtors	<i>Note 21</i>	<b>37.5</b>	
76.9	Short Term Investments	<i>Note 31</i>	<b>35.7</b>	
3.4	Cash and Cash Equivalents	<i>Note 32</i>	<b>3.1</b>	
<u>109.6</u>	<b>CURRENT ASSETS</b>		<u><b>76.3</b></u>	
(44.0)	Short Term Creditors	<i>Note 22</i>	<b>(47.7)</b>	
(4.5)	Overdraft	<i>Note 32</i>	<b>(4.9)</b>	
(9.3)	Short Term Borrowing	<i>Note 33</i>	<b>(7.4)</b>	
(1.8)	Other Short term Liabilities	<i>Note 34</i>	<b>(1.9)</b>	
(7.0)	Capital grants receipts in advance	<i>Note 9</i>	<b>(2.2)</b>	
(3.0)	Provisions	<i>Note 29</i>	<b>(2.7)</b>	
<u>(69.6)</u>	<b>CURRENT LIABILITIES</b>		<u><b>(66.8)</b></u>	
(2.0)	Capital grants receipts in advance	<i>Note 9</i>	<b>(8.2)</b>	
(2.7)	Long Term Creditors	<i>Note 22</i>	<b>(3.3)</b>	
(377.6)	Long Term Borrowing	<i>Note 33</i>	<b>(355.3)</b>	
(33.5)	Other Long Term Liabilities	<i>Note 34</i>	<b>(31.0)</b>	
(0.1)	Long Term Provisions	<i>Note 29</i>	<b>(0.1)</b>	
(8.5)	Net Defined Pension liability	<i>Note 8</i>	<b>(5.4)</b>	
<u>(424.4)</u>	<b>LONG TERM LIABILITIES</b>		<u><b>(403.3)</b></u>	
<u>276.0</u>	<b>NET ASSETS</b>		<u><b>273.4</b></u>	
(5.7)	General Fund	<i>MIRS</i>	<b>(6.4)</b>	
(65.7)	Earmarked Reserves	<i>Note 11</i>	<b>(69.6)</b>	
(1.4)	Capital Receipts Reserve	<i>MIRS</i>	<b>(1.4)</b>	
(23.4)	Capital grants and contributions	<i>MIRS</i>	<b>(25.9)</b>	
<u>(96.2)</u>	<b>USABLE RESERVES</b>		<u><b>(103.3)</b></u>	
(129.2)	Revaluation Reserve		<b>(148.1)</b>	
(62.4)	Capital Adjustment Account		<b>(30.8)</b>	
(9.2)	Deferred capital receipts		<b>(9.2)</b>	
14.6	Pensions Reserve		<b>11.0</b>	
(5.0)	Collection Fund Adjustment Account		<b>(2.8)</b>	
2.0	Accumulated Absences Account		<b>1.5</b>	
9.0	Dedicated Schools Grant Deficit Account		<b>9.0</b>	
0.0	Financial Instruments adjustment account		<b>(1.3)</b>	
0.4	Pooled investment fund Adjustment A/c		<b>0.6</b>	
<u>(179.8)</u>	<b>UNUSABLE RESERVES</b>	<i>Note 12</i>	<u><b>(170.1)</b></u>	
<u>(276.0)</u>	<b>TOTAL RESERVES</b>		<u><b>(273.4)</b></u>	

These financial statements replace the unaudited financial statements confirmed by:

Signed by:



Date: 28<sup>th</sup> February 2025

Malcolm Coe  
Director of Finance, Torbay Council

## 9. Comprehensive Income and Expenditure Statement (CIES)

2022-23 re-stated				2023-24		
Expenditure	Income	Net		Expenditure	Income	Net
£m	£m	£m		£m	£m	£m
115.3	(62.7)	52.6	Adults' Services	119.2	(62.1)	57.1
121.6	(73.5)	48.1	Children's Services	119.9	(71.4)	48.5
16.5	(2.8)	13.7	Corporate Services	15.9	(1.9)	14.0
35.8	(33.2)	2.6	Finance	21.9	(31.6)	(9.7)
41.5	(27.5)	14.0	Place	73.5	(32.0)	41.5
9.0	(0.2)	8.8	Public Health	9.9	(0.6)	9.3
<b>339.7</b>	<b>(200.0)</b>	<b>139.7</b>	<b>Cost of Services</b>	<b>360.3</b>	<b>(199.6)</b>	<b>160.7</b>
0.4	0.0	0.4	Parish Precepts	0.4	0.0	0.4
4.0	0.0	4.0	Gains/Losses on the disposal of assets	0.1	0.0	0.1
<b>4.4</b>	<b>0.0</b>	<b>4.4</b>	<b>Other Operating Expenditure</b>	<b>0.5</b>	<b>0.0</b>	<b>0.5</b>
0.0	0.2	0.2	Net interest on defined pension liabilities	0.0	(0.8)	(0.8)
0.0	(3.3)	(3.3)	Interest receivable and similar income	0.0	(5.5)	(5.5)
12.8	0.0	12.8	Interest payable	13.4	0.0	13.4
28.9	0.0	28.9	Changes in fair value of investment properties	18.3	0.0	18.3
1.2	0.0	1.2	Changes in fair value of assets held for sale	0.0	0.0	0.0
4.1	(17.5)	(13.4)	Income and expenditure in relation to investment properties	2.1	(15.3)	(13.2)
0.9	0.0	0.9	Gains and Losses on Financial assets	0.1	0.0	0.1
<b>47.9</b>	<b>(20.6)</b>	<b>27.3</b>	<b>Financing and Investment Income and Expenditure</b>	<b>33.9</b>	<b>(21.6)</b>	<b>12.3</b>
0.0	(78.5)	(78.5)	Council Tax Income	0.0	(83.1)	(83.1)
0.0	(27.1)	(27.1)	Non-Domestic Rates	0.0	(28.5)	(28.5)
0.0	(1.2)	(1.2)	Gain from Devon wide pool	0.0	(1.2)	(1.2)
0.0	(10.0)	(10.0)	Collection Fund adjustment	0.0	1.7	1.7
0.0	(20.9)	(20.9)	Non-ringfenced government grants	0.0	(19.6)	(19.6)
0.0	(14.3)	(14.3)	Capital grants and contributions	0.0	(16.5)	(16.5)
<b>0.0</b>	<b>(151.9)</b>	<b>(151.9)</b>	<b>Taxation and non-specific grant income and expenditure</b>	<b>0.0</b>	<b>(147.2)</b>	<b>(147.2)</b>
<b>391.9</b>	<b>(372.5)</b>	<b>19.4</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>394.7</b>	<b>(368.4)</b>	<b>26.3</b>
	(22.4)		Surplus on revaluation of non-current assets.			(22.2)
	(6.6)		Adjustment Pension liability subsidiary and Devon County Council			(0.5)
	(130.8)		Remeasurement of the net defined benefit pension liability			(1.1)
	<b>(159.8)</b>		<b>Other Comprehensive Income and Expenditure</b>			<b>(23.8)</b>
	<b>(140.4)</b>		<b>Total Comprehensive Income and Expenditure</b>			<b>2.5</b>

## 10. Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

2022-23		2023-24
re-stated		
£m		£m
19.5	Net (surplus)/deficit on the provision of services	26.2
	<i>Adjustments to net surplus/deficit on provision of services for non-cash movements</i>	
(14.7)	Depreciation and Impairment	(39.5)
(28.8)	Change in values of Investment Properties	(18.3)
(0.1)	Amortisation of intangible Assets	(0.1)
(0.9)	Pooled investment adjustment	0.0
(4.8)	Movement in LGPS pensions from IAS 19	2.0
(8.9)	Carrying amount of non-current assets sold	(0.3)
36.5	(Increase)/decrease creditors	(1.9)
(6.9)	Increase/(decrease) Debtors	8.2
19.5	Adjustments financing and investing activities	16.8
10.4	<b>Net cashflows from operating activities</b>	<b>(6.9)</b>
(4.9)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(0.1)
29.7	Purchase of property, plant and equipment, investment property and intangible assets	42.3
38.8	Purchase of short-term and long-term investments	9.5
(59.2)	Proceeds from the sale of short-term and long-term investments	(50.3)
6.2	Other payments for investing activities	1.7
(21.6)	Other receipts from investing activities	(18.5)
(11.0)	<b>Net cashflows from investing activities</b>	<b>(15.4)</b>
0.0	Cash Receipts - long/short term borrowing	(1.0)
7.7	Repayment of Long Term Borrowing	22.3
1.2	Cash payments for the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	2.2
0.1	Changes in Council Tax balances held for preceptors	(0.3)
(3.1)	Changes in National Non-Domestic Rates balances held for preceptors	(0.3)
0.0	Other receipts from investing activities	0.0
5.9	<b>Net cashflows from financing activities</b>	<b>22.9</b>
5.3	<b>Net (Increase) / decrease in cash and cash equivalents</b>	<b>0.6</b>
4.2	Cash and cash equivalents 1 April	(1.1)
(5.3)	Net increase / (decrease) in cash and cash equivalents	(0.6)
(1.1)	<b>Cash and cash equivalents 31 March</b>	<b>(1.7)</b>

# 11. Index of Notes to the Statement of Accounts

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# 12. Notes to the Statement of Accounts

## 1. Summary of Significant Accounting Policies

The Accounts and Audit (England) Regulations 2015 require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. The Accounts and Audit (Amendment) Regulations 2022 have amended the 2015 Regulations, deferring publication dates and making other consequential changes.

For 2023/24, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code)
- the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 (SI 2003 No 3146, as amended)

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

### 1.1. Accounting Policies

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

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

The Statement of Accounts may be adjusted to reflect events after 31 March 2024 up to the date of the audit certificate being issued where the events provide evidence of conditions that existed at 31 March 2024.

### 1.2. Accruals of Income and Expenditure

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

- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

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

### 1.3. Measurement of Assets & Liabilities

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

<b>Class of Assets</b>	<b>Measurement Basis</b>
Property, Plant and Equipment: Other Land and Buildings	Current Value, comprising existing use value Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Infrastructure Assets	Modified historical cost. (Opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed to be the historical cost). Subsequent expenditure on the assets is capitalised on an accrual's basis. The life of the assets has been set at the time by the valuation team, therefore follows a different useful life than the up to date policy set in 2018
Property, Plant and Equipment: Other Land and Buildings – Surplus Assets	Fair value *
Heritage Assets	Heritage assets (other than operational heritage assets) are measured at valuation in accordance with FRS 30 i.e. valuations may be made by any method that is appropriate and relevant such as insurance valuations.
Investment Properties	Fair value *



Financial Instruments – Fair Value through Profit or Loss	Fair value *
Pensions Assets	Fair values based on the following: quoted securities – current bid price unquoted securities – professional estimate unitised securities – current bid price property – market value.

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

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

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

#### 1.4. Adjustments Between Accounting Basis and Funding Basis

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

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Infrastructure Assets	Depreciation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost determined in	Capital Adjustment Account

		accordance with the 2003 Regs	
Heritage Assets	Impairment	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Investment Properties	Movements in fair value	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in year	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Deferred Income on PFI contract	Third party Income in Energy From Waste Plant	Non cash transaction	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in year or were received in year without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Movements in the fair value of CCLA investment.	Gains/losses for CCLA Investment.	Pooled Investment Fund Adjustment Account

Pensions Costs	Movements in pensions assets and liabilities.	Employer's pensions contributions payable and direct payments made by the Council to pension funds for year	Pensions Reserve
Council Tax	Accrued income from in year bills	Demand on the Collection Fund for the year plus recovery of estimated deficit/share for prior year	Collection Fund Adjustment Account
Business Rates	Accrued income from in year bills	Budgeted income receivable from the Collection Fund for the year plus recovery of estimated deficit/share for prior year	Collection Fund Adjustment Account
Untaken Leave entitlements	Projected cost of untaken leave entitlements at 31 March.	No charge	Accumulated Absences Adjustment Account
Dedicated Schools Grant	Movement between earmarked reserve to unusable reserve	Transfer accumulated deficit from earmarked reserve to unusable reserve	Dedicated Schools Grant Adjustment Account

### **1.5. Prior period Adjustments and Changes in Accounting Policies and Estimates**

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

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

### **1.6. Post-Employment Benefits**

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

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

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

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

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

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

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

- **Service cost** comprising:

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

**Past service cost** - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Includes gains or losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees such as the transfer of staff to an alternative supplier: Debited/Credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.

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

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

- **Remeasurements** comprising:

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

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

#### Payments to Fund:

Contributions paid to the Devon County Council Local Government Pension Scheme - cash paid as employer's contributions to the pension fund in settlement of liabilities are not accounted for as an expense in the CIES.

#### Termination Benefits

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

### Local Government Reorganisation

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

### TEDC – Pension Liability Pass through

In 2019/20 the Council recognised a financial guarantee for the LGPS pension liability for the TDA (a subsidiary company) that would require the Council to pay the TDA employer pension payments to the Devon County Pension Fund if the TDA defaulted on the payments. The TDA remains an admitted body to the pension scheme and will make higher employer contributions to mitigate any financial risk to the Council. The TDA will continue to recognise a pension liability under IAS19 and recognises an asset to the value of that IAS19 Liability. The value of the Council's liability is a judgement under IFRS9 derivative liabilities and has been assessed as 100% of the value of the TDA IAS19 pension liability. The movement in a year on the assessed value of the liability is recognised through Other Operating Income and Expenditure offset by the application of the pension statutory override.

## **1.7. Financial Instruments**

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

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

Financial assets are subsequently measured in one of two ways:

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

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

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

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

#### Assets carried at Fair Value through Profit and Loss

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

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

The Council has invested in a property fund (CCLA) where under regulation the investment does not need to be accounted as capital expenditure. The Council has classified this investment at Fair Value through profit or loss with any changes in value recognised in the Comprehensive Income and Expenditure Statement with the application of a statutory override (SI 2018/1207) to reverse any impact on the general fund through the MIRS to the Pooled Investment Fund Adjustment Account. Any dividends in year is recognised as part of its investment income.

### **1.8. Government Grants and Contributions**

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

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

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

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

The recognition of grants and contributions is on an accruals basis. Developer contributions under S106 or CIL agreements are presumed to have conditions unless clear evidence to the contrary that would require repayment if not met and are recognised as a receipt in advance.

### **1.9. Heritage Assets**

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

### **1.10. Interests in Companies and other Entities**

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

The Council under IFRS9 has designated its holding in its subsidiaries, TEDC, TEL and SWISCO, as an "investment in an equity instrument designated at fair value through other comprehensive income". Where the purpose of the subsidiary is primarily to provide services on behalf of the council including strategic economic development purposes, the initial and subsequent recognition of the Council's investment in its subsidiaries is at the nominal value of the shares held.

Where a subsidiary company has its own subsidiary companies, the investment will continue to be at the nominal value of the shares held. The Council recognises the value of its other interests in companies, such as associates, at cost.

#### Other Entities

##### **Torbay and South Devon Health and Care NHS Foundation Trust**

The Council has an agreement with the Trust and NHS Devon Integrated Care Board where the Council's makes a fixed annual payment for the provision of Adult Social Care. The Trust are accounting for the partnership on the basis that the Council is funding the Trust to undertake delegated activities.

The Trust will account for income and expenditure on the Adult Social Care functions in the appropriate service category and will account for the funding received for the Council as "providing" income. The Council will show the funding paid to the Trust for providing the delegated functions within its Income and Expenditure Account.

##### **Better Care Fund**

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

The Council receives funding for adult social care from the Improved Better Care Fund. Although the funding is reported and monitored as part of the Better Care



Fund with the ICB, the IBCF funding is excluded from the s75 pooled budget.

### **1.11. Investment Properties**

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

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

### **1.12. Leases**

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

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

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

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

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

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

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

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

### 1.13. Property, Plant and Equipment

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

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

Assets are initially measured at cost, comprising:

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

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

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

Assets have a useful life as follows:

Asset category	Useful Life
Freehold Land	50
Buildings	40
Investment Properties	40
Software	10
Vehicles and Equipment	7
Highways Network	40
Structural Enhancements	25
Infrastructure*	40

For capital expenditure where land and buildings are not separately identified a blended asset life can be used (e.g. an assumption that 30% of the value is land results in an asset life of 43 years)

\*Specific historic infrastructure items do carry a different life if deemed appropriate by local valuers, prior to the procedure above being set in 2018.

CATEGORY	USEFUL LIFE
<b>Highways</b>	
Carriageways	20-30
Footways and Cycle Tracks	20-30
Street Furniture	20-50
Street Lighting	30-50
Structures	80-120
Traffic Management Systems	15-25
Bus Shelter	20-30
<b>Others</b>	
Sea Defence Infrastructure	80-120
Water Course Infrastructure	40
Harbours & Foreshore Infrastructure	40-65
Pontoons	20-30
Other Infrastructure	40-65

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

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

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

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

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

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

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

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

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

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

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

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

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

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

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale and at this point will be valued at Fair Value. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

Where an asset is treated as a disposal due to the length of the lease and there is an ongoing annual rent, the asset is initially derecognised then the value of the future lease payments treated as long term debtor with the balance shown as a deferred

capital receipt. Lease payments in future years therefore reduce both the value of the long-term debtor and the deferred capital receipts reserve.

### Schools Recognition

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

<b>Schools Type</b>	<b>Land</b>	<b>Buildings</b>	<b>Test</b>
Community	On balance sheet	On balance sheet	Council Control
Academy	Off balance sheet	Off balance sheet	Academy freehold of long lease
Foundation	On balance sheet	On balance sheet	IFRS10 – subsidiary
Voluntary Aided	Off balance sheet	On balance sheet	Substance of arrangement
Voluntary Controlled (since 31/3/21)	Off balance sheet	On balance sheet	Substance of arrangement
Playing Fields	On balance sheet	n/a	Council Control

### Voluntary Aided Schools

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

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

### **1.14. Infrastructure Assets**

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

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

Measurement: infrastructure assets are generally measured at depreciated historic cost. However, this is a modified form of historic cost – opening balances for

infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at the time to be historical cost. Where impairment losses are identified they are accounted for by the carrying amount of the asset being written down to the recoverable amount. Depreciation: This is provided on the parts of infrastructure assets that are subject to deterioration and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis on an annual basis. Useful lives of assets are assessed by the appropriate Council engineer for that type of asset.

Disposals and derecognition: When a component of the asset is disposed of or de commissioned, the carrying amount of the component in the balance sheet is written off to the "other operating expenditure" line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts, if any, are credited to the same line as disposed or decommissioned assets. The written off amounts are not a charge to Council tax as the cost of non-current assets is fully provided for under separate arrangement for capital financing.

These are reflected in the capital adjustment account from the general fund balance in the movement in reserves statement. The council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts are to be derecognised for infrastructure assets, when there is replacement expenditure, is nil.

### **1.15. Private Finance Initiative (PFI)**

As the Council is deemed to control the services that are provided under its PFI contracts, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge; the assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at current value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

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

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

- deferred credit from the write down of the long term liability for the expected third party income received during the year - credited to the relevant service in the CIES, with a reversal in the MIRS to the Capital Adjustment Account.

- contingent rent - a reduction to the finance costs in year due to the impact of third-party income on the total costs to the Council.

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

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

#### **1.16. Provisions**

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

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

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

#### **1.17. Overheads and Support Services**

The Council's CIES is presented on a segmental basis in line with the Council's internal reporting. On this basis the costs of cross Council overheads and support services are accounted for within the relevant management segment and are not allocated to services.

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

There are no changes in accounting requirements for 2023/24 that are anticipated to have a material impact on the Council's financial performance or financial position.

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2023/24 Code.

At the balance sheet date, the new standard has not been adopted for IFRS 16 Leases as is voluntary for local authorities until 2023/24 year. In 2024/25 the Council will apply IFRS 16 Leases as adopted by the Code. IFRS 16 will mean that the majority of the leases where the Council acts as lessee will come on to the balance sheet. Lessor accounting is effectively unchanged.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising (for example) the leases vehicle, plant, equipment, property and land as an asset and future rents as a liability), a right of use asset and a lease liability are to be brought onto the balance sheet as at 1 April 2024. Leases of items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 will be applied retrospectively, but with the cumulative effect recognised as at 1 April 2024. This means that right of use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior years.

As a lessee the Council has previously classed leases as operating leases or finance leases, based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16 the Council recognises right of use assets and lease liabilities for most leases – i.e. these leases are “on balance sheet”.

The Council will apply recognition exemptions to short term leases and will not recognise right of use assets and lease liabilities for short term leases that have a term of less than 12 months or less and leases of low value assets. The Council will continue to recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The authority is implementing IFRS 16 in FY 2024/25, and the assessment of IFRS 16 has not yet been conducted; the impact is not yet known or cannot be reasonably estimated. Other than IFRS 16, none of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.



### 3. Critical Judgements in Applying Accounting Policies

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

In assessing its existing leases under IFRS guidance the Council has only considered leases where either the value of rent or the value of the asset was material. In addition, a ratio of 75% of lease term to asset life has been used as a guide to recognise leases as finance leases. Therefore, not having implemented next years IFRS-16 change in lease accounting regulations.

The Council has recognised a long-term liability for the annual local government reorganisation discretionary pension payment to Devon County Council. This payment is invoiced for in the year that the County Council makes payments to its pensioners.

The Council recognised its share (£33m/17%) of the Energy from Waste facility in Plymouth based on estimated tonnages per the business case for the facility and the financial allocation model agreed between Torbay, Plymouth, and Devon County Councils. All three Councils have assessed the facility to be "on balance sheet" under IFRIC12 as a service concession arrangement. The Council has recognised a liability to the value of the asset recognised.

This liability is apportioned between the Council's own liability to fund the asset based on forecast unitary payments over the life of the facility from the three councils (£11.4m/37%) and the expected third-party income (£13.4m/63%) based on the business case. The third-party income liability has been accounted for as deferred income with the balance allocated to the Council's CI&E statement over the life of the 25-year contract. As a "non-cash" transaction this credit will be reversed in the MIRS to the Capital Adjustment Account; the asset life of the facility has been assessed at 30 years based on the contract life and the optional 5-year extension period. The Council has assumed all lifecycle costs to be revenue unless evidence that they are capital.

The Council has several pensions guarantees to related bodies where the Council could incur a liability if the body becomes insolvent. The Council has adopted the provisions of IFRS4 and is accounting for any related liabilities or provisions under IAS37. As at 31 March 2024 there are no issues in relation to the going concern of these bodies. In arriving at this conclusion, the Council considered data from the actuary of the pension fund together with the Council's knowledge of the bodies and made the judgement that the values and risk exposure were not material.

In the exceptional case where the pension liability being guaranteed actually became realised it is likely the liability will be transferred to the Council's own pension liability which will be reflected in the future employer contribution rates, therefore as not cash no specific reserve has been set aside.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances can't be determined with certainty, actual results could be materially different from the assumptions and estimates. There were no changes in accounting estimates in 2023/24 or expected in future years.

The only items in the Council's Balance Sheet at 31st March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Net Pension Liability</b>	
<p>The Council's liability as at 31<sup>st</sup> March 2024 is based on a number of complex judgements relating to</p> <ul style="list-style-type: none"> <li>• the discount rate used</li> <li>• the rate at which salaries may change</li> <li>• changes in retirement dates</li> <li>• mortality rates</li> <li>• and expected return on pension fund assets.</li> </ul> <p>A firm of pension actuaries are used to provide this information and every three years there is a detailed actuarial review of the fund.</p> <p>The value of pension assets is estimated (by the actuary) based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this difference is not considered to be material.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a future 0.1% decrease in the discount rate assumption would result in a change in the (gross) pension liability of £345.5m. Similarly, a change in the life expectancy assumption of 1 year would result in a change of £364.7m. However, the assumptions interact in complex ways.</p> <p>A table on sensitivity of assumptions is included in the Pensions Note.</p>
<b>Economic Conditions</b>	
<p>The impact of the global pandemic significantly reduced during 2022/23.</p> <p>The Ukraine war started in February 2022 but has had minimal impact on the Council's balance sheet. The most significant economic impact in 2023/24 has, and going forward, will, come from the "cost-of-living crisis". Citizens have seen the costs of everyday living (especially energy and food prices) soar as inflation reached double figures and interest rates rose sharply; businesses were similarly under pressure from rising energy and food prices. The effects on the Council are similar - higher energy</p>	<p>Although there is ongoing uncertainty in the longer-term impact on some balance sheet values primarily on non-current assets, the Council's appointed valuer has provided an updated valuation certificate including on the Council's investment portfolio. The Pension Fund IAS19 valuation used pension fund asset values at March 2024.</p>

<p>costs have increased the costs of providing a range of services; and as a major employer, the Council has made market-driven pay increases which were higher than expected or budgeted at the time.</p>	<p>In other cases, the Council has obtained a reasonable value, such as a quoted value of an asset or liability, as at 31 March 2024. The Council, on a “case by case basis”, has adjusted impairment for increased uncertainty of collectability of income due from several debtors.</p>
<p><b>Property, Plant and Equipment Value</b></p>	
<p>Asset valuations are based on Fair Value and are reviewed periodically to provide assurance that the value of the Council’s non-current assets are materially correct and not misstated. The methodologies used can cause estimation uncertainty due to the possibility of significant fluctuations in the indices and inputs applied to valuations (build costs and other market and build specific factors).</p>	<p>A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded in the CIES. A reduction of 1% would result in a £3.07m change in cost value. An increase in estimated valuations would result in an increase in the revaluation reserve and/or reversals of previous negative revaluations in the CIES.</p>

## 5. Expenditure and Funding Analysis

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

2022-23 re-stated				2023-24		
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£m	£m	£m		£m	£m	£m
49.2	3.4	52.6	Adults' Services	55.5	1.6	57.1
47.3	0.8	48.1	Children's Services	46.5	2.0	48.5
12.3	1.4	13.7	Corporate Services	13.6	0.4	14.0
1.6	1.0	2.6	Finance	(10.6)	0.9	(9.7)
3.6	10.4	14.0	Place	7.4	34.1	41.5
8.7	0.1	8.8	Public Health	9.3	0.0	9.3
	0.0	0.0	Other operating expenditure	(4.3)	4.3	0.0
<b>122.6</b>	<b>17.1</b>	<b>139.7</b>	<b>Cost of Services</b>	<b>117.4</b>	<b>43.3</b>	<b>160.7</b>
(121.3)	1.1	(120.2)	Other Income and Expenditure	(121.8)	(12.6)	(134.4)
<b>1.2</b>	<b>18.2</b>	<b>19.4</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(4.4)</b>	<b>30.7</b>	<b>26.3</b>

2022-23 re-stated				2023-24		
Earmarked Reserves	General Fund	Total		Earmarked Reserves	General Fund	Total
£m	£m	£m		£m	£m	£m
(67.0)	(5.7)	(72.7)	Opening balances	(65.7)	(5.7)	(71.4)
0.0	1.2	1.2	(Surplus) or Deficit on Provision of Services	0.0	(4.4)	(4.4)
1.3	(1.3)	0.0	Transfers between General Fund and earmarked reserves	(3.9)	3.9	0.0
<b>(65.7)</b>	<b>(5.8)</b>	<b>(71.5)</b>	<b>Closing General Fund balance</b>	<b>(69.6)</b>	<b>(6.2)</b>	<b>(75.8)</b>

#### Financing and Accounting Adjustments

	Capital and Assets	Pensions	Tax Collection	Other	Total
	£m	£m	£m	£m	£m
<b>2023-24</b>					
Adults' Services	1.7	(0.1)	0.0	0.0	1.6
Children's Services	3.2	(0.6)	0.0	(0.6)	2.0
Corporate Services	0.6	(0.2)	0.0	0.0	0.4
Finance	1.2	(0.3)	0.0	0.0	0.9
Place	34.1	0.0	0.0	0.0	34.1
Public Health	0.0	0.0	0.0	0.0	0.0
Other operating expenditure				4.3	4.3
Cost of Services	40.8	(1.2)	0.0	3.7	43.3
Other Income and Expenditure from the Expenditure and Funding Analysis	(8.6)	(0.8)	2.2	(5.4)	(12.6)
<b>Total for 2023-24</b>	<b>32.2</b>	<b>(2.0)</b>	<b>2.2</b>	<b>(1.7)</b>	<b>30.7</b>

#### Financing and Accounting Adjustments re-stated

	Capital and Assets	Pensions	Tax Collection	Other	Total
	£m	£m	£m	£m	£m
<b>2022-23</b>					
Adults' Services	2.4	1.1	0.0	(0.1)	3.4
Children's Services	(1.8)	2.6	0.0	0.0	0.8
Corporate Services	0.6	0.8	0.0	0.0	1.4
Finance	1.3	(0.3)	0.0	0.0	1.0
Place	10.1	0.3	0.0	0.0	10.4
Public Health	0.0	0.1	0.0	0.0	0.1
Cost of Services	12.6	4.6	0.0	(0.1)	17.1
Other Income and Expenditure from the Expenditure and Funding Analysis	9.9	0.2	(9.9)	0.9	1.1
<b>Total for 2022-23</b>	<b>22.5</b>	<b>4.8</b>	<b>(9.9)</b>	<b>0.8</b>	<b>18.2</b>

## 6. Adjustments between Accounting Basis and Funding Basis under Regulations

	General Fund Balance £m	Capital Receipts reserve £m	Capital grants unapplied £m	Unusable Reserves £m	Total £m
<b>2023-24</b>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(0.1)	0.0	0.0	0.1	0.0
Depreciation and impairment of non-current assets	(39.5)	0.0	0.0	39.5	0.0
Movements in value of Investment Properties	(18.3)	0.0	0.0	18.3	0.0
Disposal of non-current assets	(0.3)	0.0	0.0	0.3	0.0
Capital receipts to Usable Capital Receipts Reserve	0.1	(0.1)	0.0	0.0	0.0
Deferred Energy Credit	0.8	0.0	0.0	(0.8)	0.0
Capital grants and contributions to Capital Grants Unapplied Reserve	2.5	0.0	(2.5)	0.0	0.0
Difference between accounting and statutory employment benefit	0.6	0.0	0.0	(0.6)	0.0
Difference between accounting and statutory credit for Council Tax & NNDR	(2.2)	0.0	0.0	2.2	0.0
Revenue Contribution to Capital Expenditure	2.3	0.0	0.0	(2.3)	0.0
Revenue Expenditure Financed from Capital under Statute	(4.4)	0.0	0.0	4.4	0.0
Revenue Expenditure Financed from Capital under Statute (Income)	3.2	0.0	0.0	(3.2)	0.0
Difference between accounting and statutory credit for pension costs	2.0	0.0	0.0	(2.0)	0.0
Pooled Fund Adjustment	(0.2)	0.0	0.0	0.2	0.0
FIAA adjustment re: discounts	1.3	0.0	0.0	(1.3)	0.0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>					
MRP	8.2	0.0	0.0	(8.2)	0.0
Other adjustments					
Capital expenditure financed from Capital Receipts	0	0.1	0.0	(0.1)	0.0
Capital expenditure financed from Capital grants and contributions	13.2	0.0	0.0	(13.2)	0.0
<b>Total for 2023-24</b>	<b>(30.8)</b>	<b>0.0</b>	<b>(2.5)</b>	<b>33.3</b>	<b>0.0</b>

	<b>General Fund Balance</b>	<b>Capital Receipts reserve</b>	<b>Capital grants unapplied</b>	<b>Unusable Reserves</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>2022-23 re-stated</b>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(0.1)	0.0	0.0	0.1	<b>0.0</b>
Depreciation and impairment of non-current assets	(13.4)	0.0	0.0	13.4	<b>0.0</b>
Movements in value of Investment Properties	(28.8)	0.0	0.0	28.8	<b>0.0</b>
Movements in value of Assets Held For Sale	(1.2)	0.0	0.0	1.2	
Disposal of non-current assets	(8.9)	0.0	0.0	9.0	<b>0.1</b>
Capital receipts to Usable Capital Receipts Reserve	4.9	(0.3)	0.0	(4.5)	<b>0.1</b>
Deferred Energy Credit	0.8	0.0	0.0	(0.8)	<b>0.0</b>
Capital grants and contributions to Capital Grants Unapplied Reserve	11.0	0.0	(11.0)	0.0	<b>0.0</b>
Difference between accounting and statutory employment benefit	0.1	0.0	0.0	(0.1)	<b>0.0</b>
Difference between accounting and statutory credit for Council Tax and NNDR	9.9	0.0	0.0	(9.9)	<b>0.0</b>
Revenue Expenditure Financed from Capital under Statute	(2.7)	0.0	0.0	2.7	<b>0.0</b>
Revenue Expenditure Financed from Capital under Statute Income	3.4	0.0	0.0	(3.4)	<b>0.0</b>
Difference between accounting and statutory credit for pension costs	(4.8)	0.0	0.0	4.8	<b>0.0</b>
Pooled Fund Adjustment	(0.9)	0.0	0.0	0.9	<b>0.0</b>
Capital Grants and Contributions applied	4.5	0.0	10.0	(14.7)	<b>(0.2)</b>
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital receipts financing loans					<b>0.0</b>
MRP	7.8	0.0	0.0	(7.8)	<b>0.0</b>
Other adjustments					
Capital Expenditure from revenue reserves	0.2	0.0	0.0	(0.2)	<b>0.0</b>
Capital expenditure financed from Capital Receipts	0.0	0.2	0.0	(0.2)	<b>0.0</b>
<b>Total for 2022-23</b>	<b>(18.2)</b>	<b>(0.1)</b>	<b>(1.0)</b>	<b>19.3</b>	<b>0.0</b>

## 7. Analysis of Income and Expenditure by Nature

2022-23 re-stated		2023-24
Surplus / Deficit on the Provision of Services		Surplus / Deficit on the Provision of Services
£m		£m
71.7	Employee benefits expenses	74.8
254.0	Other service expenses	249.2
12.8	Interest payments	12.3
14.8	Depreciation, amortisation, impairment etc	39.3
28.8	Investment Properties changes in fair value	18.3
0.9	Pooled investment adjustments	0.0
0.0	Precepts and levies	0.4
8.9	Gains on the disposal of assets	0.3
<u>391.9</u>	<b>Total Expenditure</b>	<u>394.6</u>
(37.5)	Fees, charges and other service income	(39.4)
(3.4)	Interest income	(4.4)
(17.5)	Investment income	(15.3)
(116.7)	Council Tax and Non-Domestic Rate income	(111.1)
(197.3)	Grants and Contributions	(198.2)
<u>(372.4)</u>	<b>Total income</b>	<u>(368.4)</u>
<u>19.5</u>	<b>Net</b>	<u>26.2</u>



## 8. Defined Benefit Pension Schemes - Local Government Pension Scheme

### Characteristics of Defined Benefit Plans and Associated Risks

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

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

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

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

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

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

During 2023/24 our pension accounting position has moved from an historic liability into an asset position. Regulations ensure we can only recognise a pension surplus amount based on what can be recovered through refunds or future contributions. The Asset Ceiling represents the actual realisable economic benefits within this description. To facilitate this our 3rd party actuary has chosen to use the IFRIC 14 methodology to accommodate the restricted surplus

The objectives of the scheme are to keep employer's contributions at as a constant rate as possible. The agreed contribution rates should result in a 100% funding level over the medium term. The projected employer contribution for the year to 31 March 2025 is £7.839m.

On the Employer's withdrawal from the plan, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary. In general, participating in a defined benefit pension scheme means that the Employer is exposed to several risks:

- **Investment risk.** The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns

over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

- **Interest rate risk.** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future the liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk.** All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity risk.** If the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

The maturity profile of Torbay members as at 31 March 2022 was an average age of 46 years for active members and 51 years for deferred pensioners, 72 years for pensioners.

In 2023/24 there were settlements from members transferring in/out of the Council as employer. The capitalised loss of this settlement was £119k.

To assess the value of the Employer's liabilities at 31 March 2024, the actuary has used a number of information sources including:

- The results of the valuation as at 31 March 2022 which was carried out for funding purposes
- The results of the 31<sup>st</sup> March 2024 IAS19 report which was prepared for accounting purposes.
- Whole fund asset statement for the period to 31 March 2024
- Whole fund income and expenditure for the period to 31<sup>st</sup> March 2024
- Employer income and expenditure for the period to 31 March 2024
- Details of any new early retirement payments for the period to 31 March 2024
- Details of any settlements for the period to 31 March 2024

The service cost for the year ending 31 March 2024 is calculated using an estimate of the total pensionable payroll in year of £40.2m.

## Financial statements

The following tables show the impact of the assets and liabilities in relation to post-employment benefits on the Council's accounts in 2023/24. The following tables are shown:

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

### Comprehensive Income and Expenditure Statement

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

2022-23		2023-24
£m		£m
	<b>Comprehensive Income and Expenditure Statement</b>	
11.1	Current Service Cost	6.6
0.2	Admin Expenses	0.2
11.3	<b>Cost of Services</b>	<b>6.8</b>
0.2	Net interest expense	(0.8)
0.2	<b>Financing and Investment Income and Expenditure</b>	<b>(0.8)</b>
11.5	<b>Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>6.0</b>
18.1	Return on plan assets, less included in interest expense	(22.1)
0.0	Actuarial gains & losses:	0.0
0.0	Changes in demographic assumptions	(5.0)
(189.8)	Changes in financial assumptions	(7.2)
40.9	Other	1.0
0.0	Impact of asset ceiling adjustments	32.2
(130.8)	Remeasurement of the net defined benefit liability	<b>(1.1)</b>
(119.3)	<b>Total Comprehensive Income and Expenditure Statement</b>	<b>4.9</b>

For the year to 31 March 2025 the actuary has forecast a service cost of £7.24m, net interest of £0.6m and administration expenses of £0.2m with employer contributions of £7.8m.

<b>Movement in Reserves Statement</b>		
(11.5)	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	(6.0)
6.7	Employer's pension contributions and direct payments to pensioners payable in the year	8.0
(4.8)	<b>Total taken to Note 6</b>	<b>2.00</b>

## Reconciliation of fair value of the scheme (plan) assets and liabilities:

<b>2022-23</b>		<b>2023-24</b>
£m	<b>Reconciliation of Fair Value of Employer Assets (scheme Assets):</b>	£m
351.6	Value of Assets at 1 April	<b>341.3</b>
13.2	Interest income on plan assets	<b>17.4</b>
2.4	Contributions by Members	<b>2.7</b>
6.7	Contributions by the Employer	<b>8.0</b>
(18.1)	Return on assets excluding amounts recognised in Other Comprehensive Income	<b>22.1</b>
0.0	Other experience	<b>0.0</b>
(14.0)	Benefits Paid	<b>(14.7)</b>
	Unfunded benefits paid	<b>0.0</b>
(0.2)	Admin Expenses	<b>(0.2)</b>
(0.3)	Settlement process received/ (paid)	<b>0.7</b>
0.0	Contributions towards unfunded benefits	<b>0.0</b>
341.3		<b>377.3</b>
<b>2022-23</b>		<b>2023-24</b>
£m	<b>Reconciliation of Defined Benefit Obligation (scheme Liabilities):</b>	£m
(486.3)	Value of Liabilities at 1 April	<b>(349.9)</b>
(11.0)	Current Service Cost	<b>(6.3)</b>
(13.4)	Interest Cost	<b>(16.7)</b>
(2.4)	Contribution by Members	<b>(2.7)</b>
	Actuarial Gains and (Losses):	
0.0	Change in demographic assumptions	<b>5.0</b>
189.8	Change in financial assumptions	<b>7.2</b>
(40.9)	Other experience gains and (losses)	<b>(1.0)</b>
0.0	Losses on Curtailments	<b>(0.1)</b>
13.4	Benefits Paid	<b>14.2</b>
0.4	Liabilities (assumed)/extinguished on settlements	<b>(0.8)</b>
0.5	Unfunded benefits paid	<b>0.6</b>
(349.9)		<b>(350.5)</b>
0.0	Impact of asset ceiling adjustments	<b>(32.2)</b>
(8.6)	Net Liability at 31st March	<b>(5.4)</b>

## Fund Assets

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2024 is estimated to be a 11.62%. The actual return on Fund assets over the year may be different. The estimated asset allocation for Torbay Council as at 31 March 2024 (6.4% of total fund) is as follows:

31 March 2023		Asset Category	31 March 2024	
£m	%		£m	%
-	0.0	Gilts	-	0.0
27	7.9%	UK Equities	5	1.3%
153	44.7%	Overseas Equities	202	53.6%
30	8.8%	Property	29	7.7%
31	9.1%	Infrastructure	38	10.1%
24	7.0%	Target Return Portfolio	9	2.4%
4	1.2%	Cash	8	2.1%
73	21.3%	Other Bonds	86	22.8%
-	0.0%	Alternative assets	-	0.0%
<b>342</b>	<b>100.00%</b>	<b>Totals</b>	<b>377</b>	<b>100.00%</b>

*\*note that due to rounding the sum of the lines may not equal the total line.*

The total asset values as at 31 March 2024 and further information on the investment activity is available on the Peninsula Pensions website.

## Actuarial Assumptions

### Valuation Approach

To assess the value of the employer's liabilities as at 31 March 2024, the actuary rolled forward the value of the employer's liabilities calculated for the funding valuation as at 31<sup>st</sup> March 2023, using financial assumptions that comply with IAS19. The full actuarial valuation involved projecting future cash flows to be paid from the fund and placing a value on them.

The actuary is satisfied that the approach to rolling forward the previous valuation data to 31<sup>st</sup> March 2024 should not introduce any material distortion in the results provided that the actual experience of the employer and the fund has been broadly in line with the underlying assumptions and the structure of the liabilities is substantially the same as the latest formal valuation.

To calculate the asset the actuary has rolled forward the assets allocated to the employer as at 31 March 2023 allowing for investment returns, contributions paid into, and estimated benefits paid from, the fund by and in respect of the employer and its employees.

The actuary has allowed for actual pension increases experience for the period 2023 to 2024. This assumes that pension increases are in line with the annual pension increases set by HM Treasury Revaluation order.

The valuation as at 31 March 2024, like 31 March 2023, includes an allowance for the Court of Appeal judgement for the McCloud and Sargeant cases pending remedial regulations being introduced on 1<sup>st</sup> October 2023.

## Demographic and Statistical Assumptions

The post-retirement mortality tables adopted are the S3PA tables with a multiplier 100% for males and 120% for females. These base tables are then projected using the Continuous Mortality Investigation (CMI) 2020 Model which was released in March 2021, allowing for a long-term rate of improvement of 1.25% per annum and a weighting to the 2020 model of 25%.

The assumed life expectations from age 65 are:

<b>2022-23</b>		<b>2023-24</b>
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.8	Men	<b>21.5</b>
22.9	Women	<b>22.7</b>
	Longevity at 45 for future pensioners:	
23.1	Men	<b>22.8</b>
24.4	Women	<b>24.1</b>

## Financial Assumptions

<b>2022-23</b>		<b>2023-24</b>
3.9%	Rate of inflation (RPI)	<b>3.90%</b>
2.9%	Rate of inflation (CPI)	<b>2.90%</b>
4.0%	Rate of increase in salaries	<b>3.90%</b>
2.9%	Rate of increase in pensions	<b>2.90%</b>
4.8%	Rate for discounting scheme liabilities	<b>4.90%</b>

These assumptions are set with reference to market conditions at 31 March 2024.

The actuary's estimate of the duration of the Employer's liabilities is 16 years.

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

Pension increases are based on CPI. Due to available data the actuary makes an assumption on RPI using a Single Equivalent Inflation Rate linked to the Bank of England implied inflation curve, and then adjusts to CPI. The actuary has made a further assumption about CPI which is that it will be 1% below RPI for each year to 2030 and then in line with RPI thereafter.

Salary increases are then assumed to increase at 1.0% per annum above CPI.

### Sensitivity Analysis on Actuarial assumptions:

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

<b>Change in assumptions in the year</b>	<b>Present Value of obligation £m</b>	<b>Projected Service Cost £m</b>
Rate for discounting scheme liabilities (increase by 0.1%)	345.50	6.9
1 year increase in member life expectancy	364.70	7.5
Rate of increase in salaries (increase by 0.1%)	350.90	7.2
Rate of increase in pensions (increase by 0.1%)	355.60	7.5

## 9. Grants

Grants credits to the surplus/deficit on provision of services 2022-23 £m	2023-24 £m
(37.9) DWP benefits grants	(36.4)
(2.2) Pupil Premium	(2.2)
0.0 Post 16 Funding (Learning & Skills Council)	(1.2)
(10.1) Public Health Grant	(10.4)
(8.8) Improved Better Care Fund	(8.8)
0.0 COVID 19 funding - service specific grants	0.0
(8.9) Social Care Grant	(14.3)
(47.1) Dedicated Schools Grant (Dept of Education)	(50.6)
(47.2) Other Grants and Contributions	(38.2)
<hr/> <b>(162.2) Total within Cost of Services</b>	<hr/> <b>(162.1)</b>
(6.8) Revenue Support Grant	(7.7)
(14.1) Other Government Grants	(11.9)
(14.3) Capital Grants and Contributions:	(16.5)
<hr/> <b>(35.2) Total within Taxation and non-specific grant income</b>	<hr/> <b>(36.1)</b>
<hr/> <b>(197.4) Total income from grants and contributions</b>	<hr/> <b>(198.2)</b>

## Grants Received In Advance

2022-23		2023-24
£m	Short Term	£m
	<u>Grants</u>	
(6.0)	Disabled Facilities Grant	(0.2)
(0.4)	DCLG - Brownfield Land Release Fund - Extra Care Housing Torre Marine	(0.4)
0.0	British Cycling- Pgn Velodrome	0.0
0.0	ERDF - EPIC Innovation Centre	0.0
(0.2)	Arts council - Torre Abbey Gatehouse/SW wing	0.0
0.0	DCLG - Changing Places Fund	(0.1)
0.0	MHCLG - Land Release Fund - Extra Care Housing - Crossways	(0.6)
	<u>Contributions</u>	
(0.4)	Housing S106s	(0.2)
0.0	Childrens S106s	0.0
0.0	S106s South Devon Link Road	0.0
0.0	Other	(0.2)
0.0	Z7001 Fragrance UK - Paignton 2 Ltd	0.0
0.0	Z6807 Fragrance UK - Paignton Ltd	0.0
0.0	Z6747 Barratt Developments PLC	(0.5)
<hr/>	<b>(7.0) Total</b>	<hr/> <b>(2.2)</b>

### Long Term

	<u>Grants</u>	
0.0	Disabled Facilities Grant	(6.8)
(0.7)	DCLG - Brownfield Land Release Fund - Bxm Town Centre CP Housing	(0.7)
(0.3)	DCLG - Land Release Fund - St Kilda's Brixham (Affordable Housing)	(0.1)
(0.4)	MHCLG - Local Authority Housing Fund	0.0
	<u>Contributions</u>	
(0.5)	Housing S106s	(0.1)
	S106 (unidentified)	0.0
	Z7044 Inglebrook	(0.2)
(0.1)	Other	(0)
<hr/>	<b>(2.0) Total</b>	<hr/> <b>(7.9)</b>



## 10. Events after the Reporting Period

Events taking place after the 31<sup>st</sup> July 2024 were not reflected in the draft financial statements.

Prior year accounts have not been audited and any adjustments to be found in those years will be added to the opening balances of the final accounts.

### Post balance sheet events:

- On 1<sup>st</sup> April 2024 Torbay Economic Development Company Ltd (TEDC), subsidiary companies and component parts of the business were transferred to Torbay Council.
- The pension liability in the 2024/25 accounts will include TEDC staff who have been transferred into Torbay Council employment through the TUPE process.
- The TEDC transfer includes asset transfers from the group accounts to Torbay Council in the 2024/25 accounts.
- The Council made a number of loans to TEDC, the full balance in respect of the loans will be recovered as part of the closure of TEDC.
- Work continues post 1<sup>st</sup> April 2024 in respect of the closure of TEDC, part of the ongoing work is in respect of invoicing and collection of rent in respect of assets that remained with TEDC after 1<sup>st</sup> April and the work required to transfer the assets and liabilities of the company to the Council.
- The financial impact of the transfer of the assets and liabilities of TEDC be included in the Council's 2024/25 Statement of Accounts as it is envisaged that the work to close the company will be conclude in the 2024/25 financial year.

## 11. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

Description	Balance at 31 March 2022	Transfers out 2022/23	Transfers in 2022/23	Balance at 31 March 2023 re- stated	Transfers out 2023/24	Transfers in 2023/24	Balance at 31 March 2024
	£m	£m	£m	£m	£m	£m	£m
Specific General Expenditure Reserve	(3.3)	0.3	(2.4)	(5.4)	2.0	0.0	(3.5)
Service Specific Reserve	(25.7)	5.7	(8.6)	(28.6)	3.6	(6.8)	(31.7)
Collection Fund Reserve	(10.2)	6.4	0.0	(3.8)	0.0	(0.8)	(4.6)
General Grants Reserve	(12.3)	3.7	(2.6)	(11.2)	2.0	(2.4)	(11.6)
Capital Funding Reserves	(1.7)	0.3	0.0	(1.4)	0.0	(0.3)	(1.8)
School Related Reserves	(0.7)	0.0	(0.5)	(1.3)	0.8	0.0	(0.5)
Schools Balances (held under a delegation scheme)	(2.3)	0.0	(0.6)	(2.9)	0.0	(0.5)	(3.4)
Ring Fenced	(10.8)	4.4	(4.8)	(11.2)	1.5	(2.9)	(12.6)
	<b>(67.1)</b>	<b>20.8</b>	<b>(19.4)</b>	<b>(65.7)</b>	<b>9.8</b>	<b>(13.7)</b>	<b>(69.6)</b>

## 12. Unusable Reserves

	Balance 1 April 2023	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2024
	£m	£m	£m	£m
Revaluation Reserve	(129.2)	(22.2)	3.3	(148.1)
Capital Adjustment Account	(62.4)	0.0	31.5	(30.9)
Deferred capital receipts	(9.2)	0.0	0.0	(9.2)
Pensions Reserve	14.6	(1.6)	(2.0)	11.0
Collection Fund Adjustment Account	(5.0)	0.0	2.2	(2.8)
Accumulated Absences Account	2.0	0.0	(0.6)	1.4
Dedicated Schools Grant Deficit Account	9.0	0.0	0.0	9.0
Financial Instruments adjustment account	0.0	0.0	(1.3)	(1.3)
Pooled investment fund Adjustment A/c	0.4	0.0	0.2	0.6
<b>Total for 2023-24</b>	<b>(179.8)</b>	<b>(23.8)</b>	<b>33.3</b>	<b>(170.3)</b>

	Balance 1 April 2022	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2023 re-stated
	£m	£m	£m	£m
Revaluation Reserve	(114.9)	(22.4)	8.1	(129.2)
Capital Adjustment Account	(82.4)	0.0	20.0	(62.4)
Deferred capital receipts	(4.7)	0.0	(4.5)	(9.2)
Pensions Reserve	147.3	(137.5)	4.8	14.6
Collection Fund Adjustment Account	4.9	0.0	(9.9)	(5.0)
Accumulated Absences Account	2.2	0.0	(0.1)	2.1
Dedicated Schools Grant Deficit Account	9.0	0.0	0.0	9.0
Financial Instruments adjustment account	(0.1)	0.0	0.0	(0.1)
Pooled investment fund Adjustment A/c	(0.5)	0.0	0.9	0.4
<b>Total for 2022-23</b>	<b>(39.2)</b>	<b>(159.9)</b>	<b>19.3</b>	<b>(179.8)</b>

### Revaluation Reserve

2022-23 re- stated £m		2023-24 £m
(114.9)	Balance 1 April	(129.2)
(22.4)	Comprehensive Income & Expenditure: Loss/(Gain) on revaluation of assets Adjustment to Capital Adjustment Account	(22.2)
5.5	Accounting / Financing Adjustments: Amount written off the Revaluation Reserve charged to the Surplus/Deficit	0.2
2.6	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	3.1
<b>(129.2)</b>	<b>Balance 31 March</b>	<b>(148.1)</b>

## Capital Adjustment Account

2022-23 re-stated £m		2023-24 £m
(82.4)	Balance 1 April	(62.4)
	Accounting / Financing Adjustments:	
0.1	Write down Intangible Assets	0.1
13.4	Depreciation and impairment of non-current assets	39.5
28.8	Movements in value of Investment Properties	18.3
1.2	Movements in value of Assets Held for Sale	0.0
3.5	Gain or (loss) on sale of non-current assets	0.1
2.7	Revenue Expenditure Financed from Capital under Statute	4.4
	Revenue Expenditure Financed from Capital under Statute -	
(3.4)	Income	(3.2)
0.0	Deferred Capital Receipts	0.0
(0.8)	Energy	(0.8)
(0.2)	Capital expenditure financed from revenue	(2.3)
(0.2)	Capital expenditure financed from Capital Receipts	(0.1)
	Capital expenditure financed from Capital grants and	
(14.7)	contributions	(13.2)
(7.8)	MRP	(8.2)
	Amount written off the Revaluation Reserve charged to the	
(2.6)	Capital Adjustment account	(3.1)
<b>(62.4)</b>	<b>Balance 31 March</b>	<b>(30.9)</b>

## Deferred capital receipts

2022-23 re-stated £m		2023-24 £m
(4.7)	Balance 1 April	(9.2)
	Accounting / Financing Adjustments:	
(4.5)	Deferred receipts received to Capital Receipts Reserve	0.0
<b>(9.2)</b>	<b>Balance 31 March</b>	<b>(9.2)</b>

## Pension Reserve

2022-23 re-stated £m		2023-24 £m
147.3	Balance 1 April	14.6
	Comprehensive Income & Expenditure:	
(130.9)	Remeasurement of the net defined benefit liability	(1.1)
(6.6)	DCC LGR adjustment	(0.5)
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory credit for pension	
4.8	costs	(2.0)
<b>14.6</b>	<b>Balance 31 March</b>	<b>11.0</b>

## Collection Fund Adjustment Account

2022-23 re-stated £m		2023-24 £m
4.9	Balance 1 April	(5.0)
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory credit for Council	
(9.9)	Tax and NNDR	2.2
<b>(5.0)</b>	<b>Balance 31 March</b>	<b>(2.8)</b>

## Accumulated Absences

2022-23 £m		2023-24 £m
2.2	Balance 1 April	2.1
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory employment benefit	
(0.1)		(0.6)
<b>2.1</b>	<b>Balance 31 March</b>	<b>1.5</b>

## Financial Instruments Adjustment Account

2022-23 £m		2023-24 £m
(0.1)	Balance 1 April	0.0
	Comprehensive Income & Expenditure:	
0.0	Discounts on loans	(1.3)
<b>(0.1)</b>	<b>Balance 31 March</b>	<b>(1.3)</b>

## Pooled Investment Funds Adjustment Account

2022-23 £m		2023-24 £m
(0.5)	Balance 1 April	0.4
	Comprehensive Income & Expenditure:	
0.9	Gain/(Loss) revaluation Pooled Investment funds	0.2
<b>0.4</b>	<b>Balance 31 March</b>	<b>0.6</b>



## Useful lives used

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

## Movements on Balances

Reconciliation of movements in 2023/24 in Property, Plant and Equipment by category of assets is shown in the tables below:

	Land & Buildings	Vehicles Plant etc	Commun. Assets	Assets under Const-ruktion	Surplus Props.	Total
	£m	£m	£m	£m	£m	£m
<b>Cost:</b>						
Opening value 1 April 2023	269.6	11.8	9.8	19.5	0.5	311.2
Additions	20.2	0.8	0.0	14.8	0.1	35.9
Disposals	(0.3)	0.0	0.0	0.0	0.0	(0.3)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(25.3)	0.0	0.0	0.0	0.0	(25.3)
Reclassifications	20.5	0.0	0.0	(20.5)	0.0	0.0
Revaluation increases/(decreases) recognised in the revaluation reserves	9.6	0.0	0.0	0.0	0.0	9.6
<b>Value 31 March 2024</b>	<b>294.3</b>	<b>12.6</b>	<b>9.8</b>	<b>13.8</b>	<b>0.6</b>	<b>331.1</b>
<b>Cumulative Depreciation:</b>						
Opening value 1 April 2023	(12.4)	(8.8)	(1.2)	0.0	0.0	(22.4)
Charge for the year	(8.3)	(0.6)	(0.1)	0.0	0.0	(9.0)
Impairment losses	2.0	0.0	0.0	0.0	0.0	2.0
Disposals	0.1	0.0	0.0	0.0	0.0	0.1
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0
Revaluations	5.9	0.0	0.0	0.0	0.0	5.9
<b>Balance 31 March 2024</b>	<b>(12.7)</b>	<b>(9.4)</b>	<b>(1.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>(23.4)</b>
<b>Net book value 31 March 2024</b>	<b>281.6</b>	<b>3.2</b>	<b>8.5</b>	<b>13.8</b>	<b>0.6</b>	<b>307.7</b>

	<b>Land &amp; Buildings</b>	<b>Vehicles Plant etc</b>	<b>Commun. Assets</b>	<b>Assets under Const- ruction</b>	<b>Surplus Props.</b>	<b>Total</b>
	£m	£m	£m	£m	£m	£m
<b>Cost:</b>						
Opening value 1 April 2022	251.1	11.4	9.6	8.9	1.1	282.1
Additions	12.8	0.4	0.0	10.6	0.0	23.8
Disposals	(9.2)	0.0	0.0	0.0	0.0	(9.2)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	0.2	0.0	0.0	0.0	(0.3)	(0.1)
Reclassifications	(0.7)	0.0	0.0	0.0	0.0	(0.7)
Revaluation increases/(decreases) recognised in the revaluation reserves	15.4	0.0	0.2	0.0	(0.3)	15.3
<b>Value 31 March 2023</b>	<b>269.6</b>	<b>11.8</b>	<b>9.8</b>	<b>19.5</b>	<b>0.5</b>	<b>311.2</b>
<b>Cumulative Depreciation:</b>						
Opening value 1 April 2022	(14.0)	(8.3)	(1.1)	0.0	0.0	(23.4)
Charge for the year	(6.5)	(0.5)	(0.1)	0.0	0.0	(7.1)
Disposals	0.2	0.0	0.0	0.0	0.0	0.2
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	0.5	0.0	0.0	0.0	0.0	0.5
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation increases/(decreases) recognised in the revaluation reserves	7.4	0.0	0.0	0.0	0.0	7.4
<b>Balance 31 March 2023</b>	<b>(12.4)</b>	<b>(8.8)</b>	<b>(1.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(22.4)</b>
<b>Net book value 31 March 2023</b>	<b>257.2</b>	<b>3.0</b>	<b>8.6</b>	<b>19.5</b>	<b>0.5</b>	<b>288.8</b>

## Revaluations

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

	Land & Buildings	Vehicles Plant etc	Community Assets	Assets under Const- ruction	Surplus Props.	Total
	£m	£m	£m	£m	£m	£m
Carried at historical cost:		12.6	9.8	13.8		36.2
Carried at fair value as at:						
31-Mar-24	113.9				0.6	114.5
31-Mar-23	104.6					104.6
31-Mar-22	46.2					46.2
31-Mar-21	11.4					11.4
31-Mar-20	18.2					18.2
Total cost or valuation	<b>294.3</b>	<b>12.6</b>	<b>9.8</b>	<b>13.8</b>	<b>0.6</b>	<b>331.1</b>

## 15. Infrastructure Assets

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

	Other PPE	Infra-structure	Total
	£m	£m	£m
Cost:			
Opening value 1 April 2023	288.8	98	386
Additions	35.9	4	40
Disposals	(0.3)	0	(0)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(25.3)	0	(25)
Reclassifications	0.0	0	0
Revaluation increases/(decreases) recognised in the revaluation reserves	9.6	0	10
Depreciation charge for the year	(9.0)	(7)	(16)
Depreciation disposals	0.1	0	0
Depreciation Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	2.0	0	2
Depreciation Reclassifications	0.0	0	0
Depreciation Revaluation increases/(decreases) recognised in the revaluation reserves	5.9	0	6
<b>Net book value 31 March 2024</b>	<b>307.7</b>	<b>94</b>	<b>402</b>



	Other PPE	Infra- structure	Total
	£m	£m	£m
Cost:			
Opening value 1 April 2022	258.7	100	359
Additions	23.8	4	28
Disposals	(9.2)	0	(9)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(0.1)	0	(0)
Reclassifications	(0.7)	0	(1)
Revaluation increases/(decreases) recognised in the revaluation reserves	15.3	0	15
Depreciation charge for the year	(7.1)	(7)	(14)
Depreciation disposals	0.2	0	0
Depreciation Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	0.5	0	1
Depreciation Reclassifications	0.0	0	0
Depreciation Revaluation increases/(decreases) recognised in the revaluation reserves	7.4	0	7
<b>Net book value 31 March 2023</b>	<b>288.8</b>	<b>98</b>	<b>386</b>

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

## 16. Investment Properties

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

2022-23 re-stated		2023-24
£m		£m
(17.5)	Rental income from investment property	(15.3)
4.1	Direct operating expenses arising from investment property	2.1
28.9	Net losses from fair value adjustments	18.3
<u>15.5</u>	Total	<u>5.1</u>
<b>2022-23</b>		<b>2023-24</b>
£m		£m
211.0	Balance at start of the year	182.1
(28.9)	Net losses from fair value adjustments	(18.2)
<u>182.1</u>	Balance at end of the year	<u>163.9</u>

Hierarchy	Number of properties	Gross Value £m
Level 1	0.0	0.0
Level 2	15.0	156.8
Level 3	3.0	7.0
<b>Total</b>	<b>18.0</b>	<b>163.8</b>

## 17. Capital Commitments

The significant commitments on capital schemes with a value greater than £0.5m together with the likely year of spend are shown in the table below. Similar commitments for the previous financial year were £11.6m.

Capital Commitments	Purpose	2022-23	2023-24
		£m	£m
<b>Regeneration</b>			
Harbour Public Realm	Part of Torquay Town Deal regeneration works	0.000	<b>0.600</b>
Lymington road Business Park	Additional start-up workshop units	0.500	<b>0.000</b>
Edginswell Business Park	Development & construction of Unit 1	2.000	<b>0.000</b>
Harbour View Hotel	Town Centre regeneration / employment scheme	7.600	<b>0.000</b>
<b>Culture</b>			
Torre Abbey	Restoration to Torre Abbey Gatehouse and SW Wing	0.000	<b>0.700</b>
<b>Adults</b>			
Crossways	Regeneration and extra care housing	1.000	<b>0.000</b>
<b>Transport</b>			
Structural Maintenance	Maintenance of road network	0.500	<b>0.000</b>
<b>Total</b>		<b>11.600</b>	<b>1.300</b>

## 18. Heritage Assets

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

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

The following table shows the reconciliation of the carrying value of heritage assets held by the Council.

2022-23				2023-24				
Fine Art Collection	Mayoral Regalia	Heritage Property	Total		Fine Art Collection	Mayoral Regalia	Heritage Property	Total
£m	£m	£m	£m		£m	£m	£m	£m
7.8	0.2	32.3	40.3	Net Carrying Amount at start of year	7.8	0.2	32.2	<b>40.2</b>
0.0	0.0	0.1	0.1	Additions	0.0	0.0	0.9	<b>0.9</b>
0.0	0.0	(0.2)	(0.2)	Revaluation increases/(decreases) recognised in the Revaluation Reserve	0.0	0.0	6.5	<b>6.5</b>
<u>7.8</u>	<u>0.2</u>	<u>32.2</u>	<u>40.2</u>	Carrying Amount 31 March	<u>7.8</u>	<u>0.2</u>	<u>39.6</u>	<b><u>47.6</u></b>

### **Fine Arts Collection**

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

### **Mayoral Regalia**

Included in this collection are the chains of office, badges, maces and other silver items. The collection was last valued by external valuers, Fattorini Limited, in 2005. Some items were revalued in 2010.

### **Heritage Property**

Some of these assets are not insured so are held at historic cost, for example the D Day Embarkation Ramps. Of the property assets with an insurance valuation, Torre Abbey is the most significant being valued at £30.9m. The Council also has properties that although culturally and historically important, are being used for operational purposes. As this purpose is more relevant to users of the financial statements these assets have been classified under the heading 'Property, Plant and Equipment' on the balance sheet. For example, these assets include Torquay Town Hall and Electric House which are used as office accommodation. The Council uses an external RICS qualified valuer to provide property reinstatement valuations for insurance purposes.

## 19. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme (as outlined in its Treasury Management Strategy) focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Council's treasury team, under policies and practices approved by full Council in March 2010 and updated in March 2024.

The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Council's treasury team also, as required, make in year adjustments in the event of changing circumstances such as economic pressures impacting on interest rates or changes to investment counterparty lists.

### Credit and Counterparty Risk

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

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

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

2023/24	Value as at 31st March 2024	Fitch rating A	Fitch rating A+	Fitch rating AAA	Historical experience of default	Historical experience adjusted for market conditions as at 31 <sup>st</sup> March 2024	Estimated maximum exposure to default and collectability at 31 <sup>st</sup> March 2024
	£m				%	%	£m
Deposits with banks and other financial institutions	6.6	2	0	4.6	0	0	0
Deposits held in Enhanced Money Market Fund	6	4.5	0	1.5	0	0	0
Deposits held with other public sector bodies	53	n/a as public sector			0	0	0
Units purchased in CCLA Property Fund	5	0	0	5	0	0	0
Trade and other Receivables, excluding loans (Sundry, Beach Huts & Harbour Debt)	11.9	Not applicable			0.5%	2.5%	1.9

Within the Council's sundry debt total of £11.9m, £9.7m is over three months due for payment. The due amounts can be analysed by age as follows:

31 <sup>st</sup> March 2023		31 <sup>st</sup> March 2024	
£m		£m	
5.0	Less than 3 months	2.2	
1.9	Three months to one year	4.5	
7.9	More than one year	5.2	
14.8	<b>Total</b>	11.9	

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

## Liquidity Risk

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

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

31 March 2023 re-stated £m		31 March 2024 £m
(7.7)	Less than one year	(3.7)
(8.6)	Between one and two years	(5.6)
(11.5)	Between two and five years*	(20.0)
(45.2)	Maturing in five to ten years	(42.2)
(57.8)	Maturing in ten to twenty years	(57.5)
(178.5)	Maturing in twenty to forty years	(160.9)
(76.0)	Maturing in more than 40 years **	(69.0)
<u>(385.3)</u>	<b>Total</b>	<u>(358.9)</u>

\*£5M of LOBO loans included in this line

\*\*£5M of Barclays loans included in this line

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

## Market Risk

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

### Interest Rate Risk

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

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

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

The Council has several strategies for managing interest rate risk. Its policy is to limit its exposure to variable rate loans. As at 31<sup>st</sup> March 2024 the Council didn't have any PWLB

borrowing at variable interest rates, however, the Council does have a £5m market loan (LOBO) where in future years the rate could vary.

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

If on the 31<sup>st</sup> March 2024 the interest rates were 1% higher than the actual interest rates the financial impact would be:

a) Borrowing:

The Council had no variable rate borrowing as at 31<sup>st</sup> March 2024 so there would be no impact.

b) Investments:

It is reasonable to assume that the Council's investments in "cash" accounts, money market funds and the fund manager should increase by the change in interest rates. If the Council's investment in these instruments were maintained at the level as at 31<sup>st</sup> March 2024 for a full financial year, this would generate an additional £0.2m over a year if rates increase by 1%. It should be noted that if the interest rate increase was forecast it is likely the profile of fixed rate deposits would have been invested on that basis. The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### **Price Risk**

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

### **Foreign Exchange Risk**

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



## 20. Financial Instruments

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

31 March 2023 re-stated		31 March 2024	
Book Value £m	Fair Value £m	Book Value £m	Fair Value £m
4.6	4.6		
10.0	10.0		
36.2	36.2		
609.6			
<b>660.4</b>	<b>50.8</b>	<b>667.2</b>	<b>53.1</b>
4.7	4.7		
72.2	72.2		
3.4	3.4		
<b>80.3</b>	<b>80.3</b>	<b>38.8</b>	<b>38.8</b>
24.9	24.9		
4.4			
<b>29.3</b>	<b>24.9</b>	<b>37.5</b>	<b>33.0</b>
156.0	156.0		
<b>614.0</b>	<b>0.0</b>	<b>618.6</b>	
31 March 2023 re-stated		31 March 2024	
Book Value £m	Fair Value £m	Book Value £m	Fair Value £m
(7.7)	(5.6)	(3.7)	(2.8)
(0.7)	(0.6)	(0.8)	(0.8)
(0.2)	(0.2)	(0.3)	(1.4)
(4.4)	(4.4)	(4.9)	(4.9)
(34.8)	(34.8)	(38.8)	(38.8)
(1.6)	(1.6)	(3.7)	(3.7)
(20.1)		(14.6)	
<b>(69.5)</b>	<b>(47.2)</b>	<b>(66.8)</b>	<b>(52.4)</b>
(367.6)	(267.1)	(345.3)	(258.3)
(10.0)	(11.6)	(10.0)	(11.3)
(0.6)	(0.6)	(1.0)	(1.0)
(3.3)	(3.0)	(2.1)	(2.1)
(16.8)	(16.2)	(10.8)	(14.7)
(26.1)		(34.0)	
<b>(424.4)</b>	<b>(298.5)</b>	<b>(403.2)</b>	<b>(287.4)</b>
<b>(473.8)</b>	<b>(47.2)</b>	<b>(421.4)</b>	<b>(52.4)</b>
<b>(20.1)</b>		<b>(48.6)</b>	

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

<b>Financial Instrument</b>	<b>Basis of measurement</b>	<b>Note</b>
Investments – fixed rate	Carrying value adjusted for interest owed at year end	Investments have both fixed term and fixed interest rates
Investments – Money Market Funds	Increase in carrying value recognised in Income & Expenditure Account	Interest rate determinable on 1 <sup>st</sup> April.
Investments – CCLA Property Fund	Treated as a Financial Instrument at Fair Value through Profit and Loss.	Carrying value of the fund at 31 <sup>st</sup> March is the fair value of the Fund. Dividends due in year are recognised in CIES. In addition, changes to the fair value of the fund are accounted for in the Income and Expenditure Account with a statutory override reversing the impact of these movements in the MIRS.
Investments – Other	Held at carrying value on basis of materiality	
Contractual Debt/payables	Held at invoiced or billed amount less an estimate of impairment for the non-collectability of that debt.	Excludes non contractual debt such as Council tax and NNDR
PWLB and fixed rate Market Debt	Carrying value adjusted for interest due at year end	Borrowing is both fixed term and fixed interest rates
LOBO Debt	Balance measured using the effective interest rate within the contract for the maximum life of the deal	Rate calculated over full term assuming the options within the contract are not exercised.
Financial Instruments under adverse economic conditions	All financial instruments assessed for impairment from economic conditions	As appropriate the impairment for contractual debt will be reviewed. The Council does not hold any investments which it has assessed to be subject to any impairment.
Council Companies	Held at initial investment (i.e., value of shares)	

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

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

## Income, Expense, Gains and Losses

	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>Total</b>
	<b>Liabilities measured at amortised cost</b>	<b>Assets at Fair Value through Profit and Loss</b>	
<b>2023/24</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Interest expense	13.4	0.0	13.4
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	13.4	0.0	13.4
Interest Income	(5.0)	(0.5)	(5.5)
(Gain)/Loss in fair value	0.0	0.1	0.1
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	(5.0)	(0.4)	(5.4)
<b>Net gain/(loss) for the year</b>	8.4	(0.4)	8.0

	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>Total</b>
	<b>Liabilities measured at amortised cost</b>	<b>Assets at Fair Value through Profit and Loss</b>	
<b>2022/23 re-sated</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Interest expense	12.8	0.0	12.8
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	12.8	0.0	12.8
Interest Income	(3.1)	(0.2)	(3.3)
(Gain)/Loss in fair value	0.0	0.9	0.9
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	(3.1)	0.7	(2.4)
<b>Net gain/(loss) for the year</b>	9.7	0.7	10.4

## **Fair Values of Assets and Liabilities**

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. For financial assets that are short term, “cash accounts” or are held at their carrying value as at 31 March 2024 the carrying amount is a reasonable approximation of fair value. The fair value of debtors and creditors is taken to be the invoiced or billed amount.

For PWLB debt the fair value of has been assessed by using observed market rates as at 31 March 2024 for similar transactions and then matched, as appropriate, to the duration on an existing maturity. No early repayment or impairment is recognised. For non PWLB loans the fair value has been assessed by using discount rates of similar length and structure with a comparable lender as at 31 March 2024. Under the requirements of IFRS13, these values are based on Level Two inputs, i.e., inputs other than quoted prices that are observable.

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

The Council has a liability for the remaining 4.5 years on its 25-year School PFI contract for the construction element. The fair value of the liability as at 31 March 2024 of £2.9m (£3.6m in 22/23) has been assessed using Level Two inputs from the AA Corporate Bond Yield Curve published by Bloomberg, i.e., an input other than quoted prices that are observable.

The Council has a liability for the remaining 16.5 years on its 25-year Energy from Waste PFI contract for the construction element. The fair value of the liability as £16.1m at 31<sup>st</sup> March 2024 (£16.4m 22/23) has been assessed using Level Two inputs using a PWLB annuity discount rate, i.e., an input other than quoted prices that are observable.

## 21. Debtors

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

31 March 2023 re- stated £m		31 March 2024 £m
	Amounts falling due within one year:	
9.8	Central government bodies	5.2
0.0	NHS	0.8
0.0	Other Local Authorities	5.6
15.6	Council Tax	17.6
2.7	NNDR	3.1
3.3	Housing benefit	3.2
17.9	All other bodies	24.8
	Less allowances for expected credit losses	
(4.4)	General	(5.1)
(2.5)	Housing Benefit	(2.5)
(11.6)	Council tax	(13.6)
(1.4)	NNDR	(1.6)
29.4	Total short term debtors	37.5
22.0	Loans	23.1
12.6	Finance Leases	13.8
1.6	Social Service Client Debt	1.6
36.2	Total Long Term Debtors	38.5

## 22. Creditors

31 March 2023 £m		31 March 2024 £m
	Amounts falling due within one year:	
(10)	Central government bodies	(14.4)
(6)	Other Local Authorities	(5.7)
(3)	NHS Bodies	(3.3)
(26)	All other bodies	(24.2)
(44)	Total short term creditors	(47.6)
(2.1)	s106 agreements	(2.3)
(0.3)	PFI Sinking Fund	(0.5)
(0.1)	Salix Finance	(0.1)
(0.2)	Other	(0.4)
(2.7)	Total Long Term Creditors	(3.3)

## 23. Members Allowances

2022-23 £'000		2023-24 £'000
491	Members Allowances	497
2	Expenses	5
493		502

## 24. Senior Officers Remuneration

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£'000	£'000	£'000
<b>Financial Year: 2022-23</b>			
Chief Executive	149	25	175
Director of Children's Services Nancy Meehan	183	27	210
Director of Adult Services and Community Services	143	24	167
Director of Pride in Place	111	18	129
Director of Public Health	130	18	148
Director of Finance S151 Officer (started Feb 2023)	109	29	138
Director of Corporate Services	113	19	132
Head of Legal Services and Monitoring Officer	71	12	83
<b>TOTAL COST</b>	<b>1,009</b>	<b>172</b>	<b>1,182</b>

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£'000	£'000	£'000
<b>Financial Year: 2023-24</b>			
Chief Executive Anne-Marie Bond	154	30	184
Director of Children's Services Nancy Meehan	197	32	229
Director of Adult Services and Community Services Joanna Williams	152	28	180
Director of Pride in Place	131	24	155
Director of Public Health	135	19	154
Director of Finance S151 Officer (started Feb 2023)	137	25	162
Director of Corporate Services	129	24	153
Head of Legal Services and Monitoring Officer	93	17	110
<b>TOTAL COST</b>	<b>1,128</b>	<b>199</b>	<b>1,327</b>

The number of employees, including the senior officers disclosed above, receiving more than £50,000 remuneration, excluding employer's pension contributions, while employed by Torbay Council is set out in the table below in bands of £5,000.

Remuneration for these purposes includes all sums paid or receivable by an employee and sums due by way of and the money value of any other benefits received other than in cash. School employees are reducing linked to conversion to Academy status. Employees received a pay award in 2023/24 which impacted the bands below and increased the number of employees receiving over £50,000.

2022-23 re-stated				2023/24		
Council	Schools Council	Schools Governing Body	Remuneration Band	Council	Schools Council	Schools Governing Body
111	3	22	£50,000 - £54,999	88	3	33
45	2	4	£55,000 - £59,999	105	3	5
32	2	1	£60,000 - £64,999	37	0	8
17	1	6	£65,000 - £69,999	32	2	2
13	2	1	£70,000 - £74,999	21	0	5
4	0	0	£75,000 - £79,999	13	1	4
2	0	0	£80,000 - £84,999	7	0	1
2	1	0	£85,000 - £89,999	0	0	0
3	0	2	£90,000 - £94,999	3	0	1
1	0	0	£95,000 - £99,999	2	0	1
0	0	0	£100,000 - £104,999	2	0	1
2	0	0	£105,000 - £109,999	1	0	0
3	0	0	£110,000 - £114,999	4	0	0
1	0	0	£115,000 - £119,999	3	0	0
0	0	1	£120,000 - £124,999	2	0	0
3	0	0	£125,000 - £129,999	0	0	1
3	0	0	£130,000 - £134,999	2	0	0
1	0	0	£135,000 - £139,999	1	0	0
0	0	0	£140,000 - £144,999	0	0	0
2	0	0	£145,000 - £149,999	0	0	0
0	0	0	£150,000 - £154,999	2	0	0
0	0	0	£155,000 - £159,999	0	0	0
0	0	0	£160,000 - £164,999	1	0	0
1	0	0	£165,000 - £169,999	1	0	0
1	0	0	£170,000 - £174,999	0	0	0
0	0	0	£175,000 - £179,999	1	0	0
0	0	0	£180,000 - £184,999	1	0	0
0	0	0	£185,000 - £189,999	0	0	0
0	0	0	£190,000 - £194,999	0	0	0
0	0	0	£195,000 - £199,999	0	0	0
0	0	0	£200,000 - £204,999	0	0	0
1	0	0	£205,000 - £209,999	0	0	0
0	0	0	£210,000 - £214,999	0	0	0
0	0	0	£215,000 - £219,999	0	0	0
0	0	0	£220,000 - £224,999	0	0	0
0	0	0	£225,000 - £229,999	1	0	0
<b>248</b>	<b>11</b>	<b>37</b>		<b>330</b>	<b>9</b>	<b>62</b>

## 25. Exit Packages

2022-23				Banding	2023-24			
Number of exit packages			Cost		Number of exit packages			Cost
Compuls. Redund.	Other departures	Total exit packages	Total £'000		Compuls. Redund.	Other departures	Total exit packages	Total £'000
6	7	13	94	£0 - £20,000	6	0	6	34
2	0	2	96	£20,001 - £40,000	0	0	0	0
0	0	0	0	£40,001 - £60,000	0	0	0	0
0	0	0	0	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £120,000	1	0	1	101
				-				
				£120,000				
<b>8</b>	<b>7</b>	<b>15</b>	<b>190</b>		<b>7</b>	<b>0</b>	<b>7</b>	<b>135</b>

## 26. External Audit Fees

2022-23 re-stated £'000		2023-24 £'000
126	External audit services*	321
90	Other services	50
<b>216</b>		<b>371</b>

## 27. Leases

### Council as Lessee:

#### Operating Leases - Equipment

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

#### Operating Leases - Property

The Council has leases for several properties. Rent payments in 2023/24 totalled £0.1m (£0.1m 2022/23). The future minimum lease payments due under property leases in future years is £0.1m.

#### Finance Leases:

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



## **Council as Lessor:**

### Operating Leases – Property:

The Council leases out property under operating leases for the provision of services, such as cafes and golf clubs, for regeneration purposes and as investment properties.

Payments received in 2023/24 including turnover rents totalled £19.4m (£19.0m 2022/23).

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

31 March 2023	<b>Total payments due classified by year of expiry of lease term</b>	31 March 2024
£m		£m
17.0	Not later than one year	<b>16.9</b>
14.1	Later than one year and not later than five years	<b>16.3</b>
96.6	Over 5 years	<b>110.4</b>
<hr/>	<b>Total</b>	<hr/>
127.7		<b>143.6</b>

### Finance Leases:

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

Minimum Lease payments are: £0.7m per annum in 2023-24

31 March 2023	<b>Finance lease debtor (net present value of minimum lease payments)</b>	31 March 2024
£m		£m
0.0	Current	0
	Non Current	
0.1	Later than one year and not later than 5 years	0.1
7.2	Later than 5 year	7.2
42.8	Unearned finance income	42.7
<hr/>		<hr/>
50.1	<b>Gross Investment in the Lease</b>	50.0

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

31 March 2023	<b>Gross investment in the lease</b>	31 March 2024
£m		£m
0.1	Not later than one year	0.6
2.5	Later than one year and not later than five years	2.5
47.5	Over 5 years	46.9
<hr/>		<hr/>
50.1		50.0

31 March 2023	<b>Minimum lease payments</b>	31 March 2024
£m		£m
0.0	Not later than one year	0.0
0.1	Later than one year and not later than five years	0.1
7.2	Over 5 years	7.2
<hr/>		<hr/>
7.3		7.3

## 28. Pension Schemes Accounted for as Defined Contribution Schemes

### Teachers' Pension Scheme

The Council takes part in the Teachers' Pension Scheme. Teaching staff employed by the Council are rewarded for years of service with rights to retirement lump sums and pensions based on final salaries. The Council makes an annual contribution to the Scheme calculated as a percentage of pensionable pay. The contribution rate is specified by the Department for Education each year so that budgeted income is sufficient to cover the outgoings of the Scheme.

This Scheme operates through a notional fund administered on a national basis. The Scheme does not record liabilities for each participating employer and raises contributions from all employers based on a common percentage of the pensionable pay of current employees, irrespective of any obligations created in previous years. Apart from this shared responsibility for shortfalls on the notional fund, the Council has no direct responsibility for the obligations of any other party to the Scheme.

The Scheme is a defined benefit plan but is accounted for as it were a defined contribution plan. This is because the administrators of the Scheme do not keep separate records of

the defined benefit obligations for individual authorities and no assets are attributable to the Scheme.

The employers' contribution rate was 23.68% in 2023/24; this will increase to 28.68% in 2024/25. Contributions of £2.8m were paid in 2022/23 (£2.8m in 2021/22). Figures for 2023/24 will be added when available.

The latest available accounts for the scheme 2023/24 recorded liabilities are £279bn. [Source: Teachers' Pension Scheme Annual Accounts 2023/24]. However, the employers' contribution rate is not set with reference to outstanding liabilities, but the payments projected to be made out of the notional fund each year. The Council was one of 174 local authorities participating in the Scheme, amongst a total of 12,648 employers.

### NHS Pension Scheme

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

The Council takes part in the NHS Pension Scheme. Public Health staff employed by the Council are rewarded for years of service with rights to retirement lump sums and pensions based on final salaries. The Council makes an annual contribution to the Scheme calculated as a percentage of pensionable pay. The contribution rate is specified the Department for Health each year so that budgeted income is sufficient to cover the outgoings of the Scheme.

This Scheme operates through a notional fund administered on a national basis. The Scheme does not record liabilities for each participating employer and raises contributions from all employers based on a common percentage of the pensionable pay of current employees, irrespective of any obligations created in previous years. Apart from this shared responsibility for shortfalls on the notional fund, the Council has no direct responsibility for the obligations of any other party to the Scheme.

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

The employers' contribution rate was 23.7% in 2023/24 (20.6% 2022/23). Contributions of £0.044m were paid in 2022/23 (£0.012m 21/22). The payments for 2024/25 are estimated to be at a similar level to 2023/24.

The 2023/24 accounts for the scheme record liabilities of £431.0 billion (£460.6 billion 22/23). [Source: NHS Pension Scheme Annual Accounts 2023/24]. However, the employers' contribution rate is not set with reference to outstanding liabilities, but the payments projected to be made out of the notional fund each year.

The Council is one of 122 local authorities (126 22/23) participating in the Scheme, amongst a total of 7,823 employers (7,857 22/23).

## 29. Provisions

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

	<b>Business Rates Backdated Appeals</b>	<b>Insurance</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
Balance outstanding at 1 April 2023	(2,756)	(273)	(75)	(3,104)
Additional provisions made during the year	(518)	(162)	0	(680)
Amounts used in the year	827	104	75	1,006
<b>Balance outstanding at 31 March 2024</b>	<b>(2,447)</b>	<b>(331)</b>	<b>0</b>	<b>(2,778)</b>

	<b>Business Rates Backdated Appeals</b>	<b>Insurance</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance outstanding at 1 April 2022	(5,015)	(273)	(125)	(5,413)
Additional provisions made during the year	2,259	0	50	2,309
Amounts used in the year	0	0		0
<b>Balance outstanding at 31 March 2023 re-stated</b>	<b>(2,756)</b>	<b>(273)</b>	<b>(75)</b>	<b>(3,104)</b>

	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Short Term	(3,000.0)	(2,700.0)
Long Term	(100.0)	(100.0)
<b>Total</b>	<b>(3,100.0)</b>	<b>(2,800.0)</b>

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

<b>Name of Provision</b>	<b>Description of Provision</b>
Insurance	Reflects a reliable estimate of Council liability on all known claims outstanding as at 31 <sup>st</sup> March 2024, which have yet to be settled. The timing of spend will be up to three years depending on claim type.
NNDR Appeals	Reflects the Council's 49% share of the estimated value of outstanding NNDR appeals.
Other	Estimate re potential liability from a contractual issue with a provider

### 30. Dedicated Schools Grant (DSG)

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

Details of the deployment of DSG receivable for 2023/24 are as follows:

Schools Budget Funded by Dedicated  
Schools Grant 2023/24

2023/24	Capital Expenditure £m	Individual Schools Budget £m	Total £m
Final DSG for 2023/24 before academy and high needs recoupment			132.88
Less academy and high needs recouped for 2023/24			(82.06)
Total DSG after academy and high needs recoupment for 2023/24*			50.82
Brought forward from 2022/23			2.43
Agreed initial budgeted distribution in 2023/24	28.39	24.85	53.24
In year adjustments	1.94	0	1.94
Final budget distribution in 2023/24	30.33	24.85	55.18
Less: Actual Central Expenditure	(26.82)		(26.82)
Less: Actual ISB deployed to schools		-24.85	(24.85)
In year carry forward to 2024/25 - surplus/(deficit)	3.51	0	3.51
DSG unusable reserve at the end of 2022/23			(8.99)
Addition to DSG unusable reserve at the end of 2023/24			0.00
Total of DSG unusable reserve at the end of 2023/24			(8.99)
Net DSG position at the end of 2023/24			(5.48)

\*Value of DSG reflected in Council's Comprehensive Income and Expenditure Statement  
The schools' higher needs block in the Dedicated Schools Grant (DSG) continues to be under financial pressure because of an increasing level of referrals from schools for higher needs support for children.

For 2023/24 there was an overspend of £1.024m. The DSG reserve is a £5.486m deficit at the end of 2023/24, following a £7.270m contribution to the Safety Valve from the DfE, who have agreed to provide additional funding over the next 4 years (to extinguish the deficit) subject to the Council delivering against a set of operational targets. This reserve is reported as an unusable reserve.

## 31. Investments

### Long Term Investments

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

31 March 2023			31 March 2024			
£m			£m			
Cash Investment	Property Fund	Total		Cash Investment	Property Fund	Total
0.0	5.5	5.5	Balance at the start of the year	10.0	4.6	14.6
10.0	(0.9)	9.1	Change in investment	0.2	(0.2)	0.0
<u>10.0</u>	<u>4.6</u>	<u>14.6</u>	Total Long Term Investments	<u>10.2</u>	<u>4.4</u>	<u>14.6</u>

### Short Term Investments

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

31 March 2023 re-stated		31 March 2024
£m		£m
58.6	Deposits: fixed term and structured	30.8
13.6	Notice\Call Accounts\MMFs	4.9
4.7	Enhanced Money Market Fund	0.0
<u>76.9</u>	Total Short term Investments	<u>35.7</u>

## 32. Cash and Cash Equivalents

31 March 2023		31 March 2024
£m		£m
(1.9)	Bank current accounts	(2.0)
0.8	Short-term deposits with Liquidity Accounts	0.3
<u>(1.1)</u>	Total Cash and Cash Equivalents	<u>(1.7)</u>
3.4	Current Assets	3.2
(4.5)	Current Liabilities	(4.9)
<u>(1.1)</u>	Total Cash and Cash Equivalents	<u>(1.7)</u>

### 33. Borrowing

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

31 March 2023		31 March 2024
£m		£m
	<b>Amounts falling due within one year:</b>	
(9.3)	Public Works Loans Board loans and interest	(7.4)
	<b>Amounts falling due more than one year:</b>	
(10.0)	Money Market loans	(10.0)
(367.6)	Public Works Loans Board loans	(345.3)
	<hr/>	
(386.9)	<b>Total</b>	<b>(362.7)</b>

#### Lenders Option Borrowers Option (LOBO)

The Council has one LOBO loan (Lenders Option Borrowers Option) with Dexia that has at inception, a constant rate of interest for the length of the loan. On the loan the lender (Dexia) has the option to increase the rate beyond the agreed rates after an initial period and at agreed intervals thereafter.

The borrower then has the option to continue at the higher rate or repay the loan incurring no penalty. The loan will continue for the full term at the agreed rate unless the lender exercises the option to increase the rate of interest. The Council’s loan with Barclays PLC is no longer classified as a LOBO as Barclays PLC confirmed during financial year 2016/17 that they will not enact their option for the life of the loan.

### 34. Liabilities

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

31 March 2023 restated		31 March 2024
£m		£m
	Amounts falling due within one year:	
(0.7)	PFI Liability - Schools	(0.8)
(0.2)	PFI Liability - EFW	(0.3)
	PFI Liability - EFW - Deferred	
(0.9)	Income	(0.8)
0.0	DCC Pre LGR Liability	0.0
(1.8)	Total due within 1 year	(1.9)
	Amounts falling due more than one year:	
(3.3)	PFI Liability - Schools	(2.1)
(11.2)	PFI Liability - EFW	(10.8)
	PFI Liability - EFW - Deferred	
(13.4)	Income	(12.5)
(5.7)	DCC Pre LGR Liability	(5.5)
(33.6)	Total due over 1 year	(30.9)
(35.4)	<b>Total</b>	<b>(32.8)</b>

#### The Spires and Homelands Schools PFI Scheme

A Project Agreement was signed on 31st March 2000 with Torbay School Services Ltd (TSS) for the provision of serviced facilities at The Spires (formerly Westlands) Secondary and Homelands Primary Schools in Torquay. The period of the contract is 26 years from the actual completion of the redevelopment of The Spires School buildings, which occurred on 24<sup>th</sup> October 2001 (i.e., expires in 2027).

Payments under the contract commenced on 1<sup>st</sup> April 2001 when Phase 1 of The Spires was completed. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the schools. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. There were no changes to the contract arrangements during the year.

#### Schools - PFI Property Plant and Equipment

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

#### School - PFI Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. In relation to this contract the Council



recognises as a liability on its balance sheet the element of this annual payment that relates to the construction and purchase of the two schools. The other elements of the contract, finance costs and service charges are recognised on an annual basis in the Council's Comprehensive Income and Expenditure Statement.

Payments remaining to be made under the PFI contract at 31 March 2024 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	<b>Payment for Services *</b>	<b>Reimbursement of Capital Expenditure</b>	<b>Interest</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Payable in 2024/25	2.9	0.8	0.1	3.8
Payable within 2 to 5 years	7.2	2.1	0.2	9.5
Payable over 5 years	-	-	-	-
<b>Total</b>	<b>10.1</b>	<b>2.9</b>	<b>0.3</b>	<b>13.3</b>

\*Assumption that the total annual payment for all three elements to the contractor will remain constant (ignoring inflation) until 2027/28 when the contract finishes. Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable.

The liability outstanding to pay to the contractor for capital expenditure incurred is as follows:

<b>2022/23</b>		<b>2023/24</b>
<b>£m</b>		<b>£m</b>
4.4	Balance outstanding at start of year	3.8
(0.6)	Payments during the year	(0.6)
<b>3.8</b>	<b>Balance outstanding at year-end</b>	<b>3.2</b>

### **Energy from Waste Plant – Private Finance Initiative**

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

The three Councils appointed MVV Umwelt under a fixed price contract to finance, construct and design the 245,000 tonne capacity facility, maintain it to a minimum acceptable condition over a 24 year term, with an option to extend operations for another 5 years. The Councils have the right to terminate the contract but must compensate MVVU in full for costs incurred and for future profits that would have been generated over the remaining term of the contract. At the end of the contract term buildings, plant and equipment will be transferred back to the Councils for nil consideration should the partnership elect to exercise this option.

The EFW facility is located on Ministry of Defence land at Camel's Head, North Yard in Devonport Dockyard in Plymouth. The contract specifies the activities offered by the

facility, the opening hours and the expected minimum standard of service to be provided by the operator. MVV Umwelt is required to receive all the residual waste from the defined area of the local authority partnership for which the councils are obliged to pay a fixed, but index linked gate fee based on a guaranteed waste tonnage, with an additional charge for any extra waste delivered by the councils over and above the contractual waste.

### EFW - PFI Property Plant and Equipment

Income and expenditure, assets and liabilities are recorded in each of Plymouth City Council, Torbay Council and Devon County Council's Statements of Accounts respectively in the ratio 48:17:35 based on estimated tonnages for 2015/16: The total construction costs were £195m, Torbay Council's initial recognition of its share was £33m. The plant was revalued as at 31st March 2024 and its value is carried in its balance sheet together with a corresponding liabilities for both the Council's share of the liability and a deferred income sum to reflect the value of the third party income due to be received by the operator over the life of the contract.

### EFW - PFI Payments

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

Torbay's share of payments remaining to be made under the PFI contract at 31 March 2024 (excluding any estimation of inflation) is as follows:

	Payment for Services *	Reimbursement of Capital Expenditure	Deferred Income	Interest	Total
	£m	£m	£m	£m	£m
Payable in 2024/25	2.9	0.4	(0.8)	1.1	3.6
Payable within 2 to 5 years	12.7	1.2	(3.3)	4.2	14.8
Payable within 6 to 10 years	16.2	3.2	(4.2)	4.3	19.5
Payable within 11 to 15 years	17.5	5.6	(4.2)	2.2	21.1
Payable within 16 to 17 years	2.4	0.8	(0.8)	0.1	2.5
<b>Total</b>	<b>51.7</b>	<b>11.2</b>	<b>(13.3)</b>	<b>11.9</b>	<b>61.5</b>

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

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

The liability outstanding to pay to the contractor for capital expenditure incurred split between Torbay and the third-party income deferred income liability is as follows:

	<b>2023/24 Torbay Share £m</b>	<b>2023/24 Deferred Income £m</b>
Liability outstanding at start of year	11.4	14.2
Payments during the year	(0.2)	(0.8)
<b>Liability outstanding at year-end</b>	<b>11.2</b>	<b>13.4</b>

### 35. Pooled Budgets

#### Joint Equipment Store

Under section 75 of the NHS Act 2006, the Council has a pooled budget arrangement with NHS Devon Integrated Care Board (ICB) for the joint provision of an equipment store for the purchase and distribution of items to meet the social care and health needs of people living in the Torbay area. The pooled budget is hosted by the Council as the lead body on behalf of the two partners to the agreement. The Council and the ICB have an agreement in place for funding these with each contributing funds to the agreed budget equal to a 50% split. Any overspend on the agreed budget is paid by Torbay and South Devon Foundation Trust (ICO).

#### Better Care Fund & Improved Better Care Fund

Under section 75 of the NHS Act 2006, the Council has a pooled budget arrangement with NHS Devon Integrated Care Board (ICB) for the revenue elements of the Better Care Fund for the integrated supply of social care and health needs of people living in the Torbay area. The pooled budget is hosted by the ICB as the lead body on behalf of the two partners to the agreement. £27.1m of funding is reported and monitored as part of the Better Care Fund, but £2.1m DFG and £8.8m of iBCF is managed by the Council and not included in the pooled budget. Remaining funding of £13.86m is provided by Devon ICB, of which £3.87m (£3.5m 22/23) was paid to the Council to commission adult social care services and £9.9m (£9.4m 22/23) was used by the ICB to commission health related services. The Council only recognises the income and expenditure attributable to it, which is £3.87m of social care funding.

In 2021/22, funding of £10m was passed to the Council, as part of the ongoing integrated working with the Health bodies responsible for the Torbay area, under section 256 of the NHS Act 2006. £1.5m of this money was used in 2022/23, and it is expected that the remainder of it will be spent in 2024/25.

### **36. Related Parties**

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

#### **Interest in Companies**

The Council maintains involvement with several subsidiary and associated companies. The Council has provided pension guarantees to the Torbay Economic Development Company Ltd (TEDC) trading as TDA, CSW Group Ltd, Torbay Education Limited and SWISCO Limited.

All the companies within the group that traded in 2023/24 have a reporting period end date of the 31 March.

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

TDA has six wholly-owned companies, Complete Facilities Management Services Limited, KAH Holdings Limited, Enterprise South West Limited, C&A Consultants (Torquay) Ltd, TEDC Developments Ltd and TorVista Homes Ltd.

Company Name and Reg'n No	Type of Company	Commenced Trading	Principal Activities during the year	Assessed Relations hip	Shareholding /Control and Company Directors as at 31/3/24
Torbay Economic Development Company Ltd 07604855 Trading as TDA	Private Limited Company	14 <sup>th</sup> April 2011	To bring about Regeneration in Torbay	Wholly-owned company	Shareholding/Control: 100% Members and Officers of Torbay Council that were Directors of this Company are as follows:- Cllr Michael Fox Cllr Christopher Lewis Cllr Alan Tyerman  A Denby (Officer Torbay Council)  L M Montgomery (TEDC employee who is a member of the Council's senior leadership team) appointed June 2022.
Complete Facilities Management Services Limited 10608599	Private Limited Company – 100% owned by Torbay Economic Development Company Ltd	1 April 2017	To provide cleaning services to the Council, TDA and other clients In 23/24 Council paid £0.36m (£0.3m 22/23) for services	Wholly-owned company	Shareholding/Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:- L M Montgomery (TEDC employee who is a member of the Council's senior leadership team) A P Sherry (TEDC employee)
C & A Consultants (Torbay) Limited 02773632	Private Limited Company – 100% owned by Torbay Economic Development Company Ltd	April 2019	Consultancy related to construction of civil engineering projects and other engineering activities	Wholly-owned company	Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:- L M Montgomery (TEDC employee who is member of Council's senior leadership team) appointed June 2022. A Denby (Officer Torbay Council)
KAH Holdings Limited 11088019	Private Limited Company – 100% owned by Torbay Economic	1 June 2019	To manage property owned by Torbay Economic Development Company Ltd	Wholly owned company	Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of this Company are as follows:-

Company Name and Reg'n No	Type of Company	Commenced Trading	Principal Activities during the year	Assessed Relations hip	Shareholding /Control and Company Directors as at 31/3/24
	Development Company Ltd				L M Montgomery (TEDC employee who is member of Council's senior leadership team). M Fairclough-Kay (Officer Torbay Council)
TEDC Developments Ltd 12015583	Private Limited Company – 100% owned by Torbay Economic Development Company Ltd	Incorporated 24 May 2019	Development of building projects	Wholly owned company	Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of is Company are as follows:- L M Montgomery (TEDC employee who is member of Council's senior leadership team) A P Sherry (TEDC employee)
Torvista Homes Ltd 12044007	Private Limited Company – 100% owned by Torbay Economic Development Company Ltd	Incorporated 11 June 2019	Buying and selling of own real estate and Renting and operating of Housing Association real estate.	Wholly owned company	Shareholding /Control: 100% (via Torbay Economic Development Company Ltd) Officers of Torbay Council that were Directors of is Company are as follows:- L M Montgomery (TEDC employee who is member of Council's senior leadership team)  Matthew Fairclough-Kay (Officer, Torbay Council)
Oldway Mansion Management Company Ltd 08219420	Company limited by share	Dissolved 06/06/23	To manage the Oldway Estate on behalf of Torbay Council and tenants	Wholly owned company	
TOR2 Ltd 07204696	Company limited by share	19 <sup>th</sup> July 2010 Ceased trading 30 June 2020	Waste and recycling collections; maintenance of highways, grounds, parks, car parks, buildings, and the Council's vehicle fleet; street and beach cleansing;	Associate	Shareholding/Control: 19.99% Members of Torbay Council that were Directors of this Company are as follows:- M Fairclough-Kay (Officer, Torbay Council)

Company Name and Reg'n No	Type of Company	Commenced Trading	Principal Activities during the year	Assessed Relations hip	Shareholding /Control and Company Directors as at 31/3/24
			and out of hours call centre support in the Torbay area		
CSW Group Ltd 3029947	Local Authority Controlled Company Limited by Guarantee and not having a share capital	1 <sup>st</sup> April 2008 formerly Connexions Cornwall & Devon Ltd	To develop, co-ordinate, operate and ensure provision of support services for young people and provide careers advice, information, and guidance to people of all ages. In 23/24 the Council paid £0.35m (£0.35m 22/23) for services.	Associate	Shareholding /Control: 25% Officers of Torbay Council that were Directors of is Company are as follows:- M Fairclough-Kay (Officer Torbay Council)
Torbay Housing Company Limited 10960992	Company limited by share	Not trading in 2022/23	To support the implementation of the Council's Housing Strategy.	Subsidiary	Shareholding /Control: 100% Directors: A-M Bond (Officer Torbay Council)
Torbay Housing Development Company 11214978	Company limited by share 100% owned by Torbay Housing Company Limited	Dissolved 09/05/2023	To support the implementation of the Council's Housing Strategy	Subsidiary	
Torbay Housing Rental Company 11214868	Company limited by share 100% owned by Torbay Housing Company Limited	Dissolved 09/05/2023	To support the implementation of the Council's Housing Strategy	Subsidiary	
London Medway Commercial Park	As a result of the purchase of a Unit at Medway, Torbay Council	March 2015	Management of London Medway Commercial Park		By virtue of the rights attached to B Ordinary shares, the company is controlled by Goodman Real Estate (UK) Limited

Company Name and Reg'n No	Type of Company	Commenced Trading	Principal Activities during the year	Assessed Relations hip	Shareholding /Control and Company Directors as at 31/3/24
Management Company Ltd 09487105	now has twelve Ordinary B Shares				
Torbay Education Ltd 12153652	Company limited by share	Incorporated 13/08/2019 Started trading November 2021	Primary, General secondary, post-secondary non-tertiary education and other education In 23/24 Council paid £1.1m (1.1m 22/23) for services	Subsidiary	Shareholding /Control: 100% Directors: A-M Bond (Officer Torbay Council) J Williams (Officer Torbay Council)
SWISCO Limited 12213029	Company limited by share	Incorporated 18/09/2019 Started trading July 2020	Waste and recycling collections; management and maintenance of highways, grounds, parks, natural environment, car parks, buildings and the Council's vehicle fleet; street and beach cleansing. In 23/24 the Council paid £20.2m (£18m 22/23) for services	Wholly owned Subsidiary	Shareholding /Control: 100% Directors: A Denby (Officer Torbay Council) M Fairclough-Kay (Officer Torbay Council) M Reeks (Company Managing Director)
English Riviera Tourism Company 07223987	Company Limited by Guarantee	Dormant	To provide a tourism marketing function for Torbay		Control: 100% There are no Members or Officers who are Directors of this company.



## Summary financial information of wholly-owned Companies

This table lists summary information about the companies which are wholly-owned by the Council and where the Council has an active trading relationship:

	TDA Group		SWISCO Limited		Torbay Education Ltd	
	2022/23 £m	2023/24 £m	2022/23 £m	2023/24 £m	2022/23 £m	2023/24 £m
Income	(4.8)	<b>(6.2)</b>	(19.1)	<b>(20.9)</b>	(0.9)	<b>(0.9)</b>
Expenditure	0.5	<b>0.7</b>	2.8	<b>2.9</b>	0.1	<b>0.0</b>
<b>Operating (Profit) or loss</b>	<b>(4.3)</b>	<b>(5.5)</b>	<b>(16.3)</b>	<b>(18.0)</b>	<b>(0.8)</b>	<b>(0.9)</b>
Other Comprehensive Income and Expenditure	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>
Actuarial (gains)/Losses recognised in the pension	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>
Taxation (including deferred)	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0	<b>0.0</b>
<b>Total (Profit) or loss</b>	<b>(4.3)</b>	<b>(5.5)</b>	<b>(16.3)</b>	<b>(18.0)</b>	<b>(0.8)</b>	<b>(0.9)</b>
Assets	0.9	<b>0.8</b>	3.4	<b>2.8</b>	0.0	<b>0.0</b>
Liabilities	(10.4)	<b>(11.2)</b>	(4.8)	<b>(5.3)</b>	(0.2)	<b>0.0</b>
<b>Total Net Assets</b>	<b>(9.5)</b>	<b>(10.4)</b>	<b>(1.4)</b>	<b>(2.5)</b>	<b>(0.2)</b>	<b>0.0</b>

This table lists summary information about the Council's interest in associate companies:

	CSW Group Ltd	
	Total £m	Torbay Council's Share (25%) £m
<b>2022/23</b>		
Income	(7.5)	(1.9)
Expenditure	7.2	1.8
<b>Operating (Profit) or Loss</b>	<b>(0.3)</b>	<b>(0.1)</b>
Other comprehensive income and expenditure	0	0
Actuarial (Gains)/Losses recognised in the pension scheme	(0.5)	(0.1)
Taxation	0	0
<b>Total (Profit) or loss</b>	<b>(0.8)</b>	<b>(0.2)</b>
Fixed Assets & Net Current Assets	1.8	0.5
Long Term Liabilities	(4.6)	(1.2)
<b>Total Capital &amp; Reserves</b>	<b>(3.6)</b>	<b>(0.9)</b>
<b>2023/24</b>		
Income	(6.9)	(1.7)
Expenditure	6.8	1.7
<b>Operating (Profit) or Loss</b>	<b>(0.1)</b>	<b>0.0</b>
Other comprehensive income and expenditure	0	0
Actuarial (Gains)/Losses recognised in the pension scheme	0	0
Taxation	0	0
<b>Total (Profit) or loss</b>	<b>(0.1)</b>	<b>0</b>
Fixed Assets & Net Current Assets	0.9	0.2
Long Term Liabilities	0	0
<b>Total Capital &amp; Reserves</b>	<b>0.8</b>	<b>0.2</b>

### Other interests in Companies

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

**South West Grid for Learning Trust** is limited by guarantee and was incorporated on 9th October 2005 with the 15 South West Regional Authorities as members. The company objectives are the advancement of education as a solely charitable purpose by any means

relating to the effective use of information and communication technologies for the benefit of the public. There are no transactions/liabilities associated with Torbay Council's membership other than the nominal initial one-off fee. For financial reporting this relationship has been treated as an investment.

**English Riviera BID Company Limited** was formed to manage the Tourism Business Improvement District (BID) and the Council collects the BID levy on an agency basis. The value of levy collected in 2023/24 was £0.58m, (£0.56m 2022/23).

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

### **Trust Funds**

The Council acts as a Trustee for several funds. These balances do not form part of the Council's accounts. The value of these funds as at 31st March 2024 was £28,000 (£23,000 22/23). Of this balance £26,000 is held within the Council's bank account, with the balance of £2,000 (£4,000 22/23) relating to the (civic) Mayor of Torbay's charity fund held in a separate bank account.

### **Central Government**

Central government (His Majesty's Government for the United Kingdom of Britain and Northern Ireland) has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills, housing benefits). Significant grants received from government departments are set out in the Grant Income note 9.

### **Members**

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in the Members Allowances' note 23. Members have not disclosed any material transactions with the Council. The Members' Record of Interests and Register of Gifts & Hospitality for each Member are available on the Council's website.

### **Officers**

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

### **Other Public Bodies**

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

**Torbay and South Devon NHS Foundation Trust (ICO)**. In October 2015 the ICO acquired the Torbay and Southern Devon Health and Care NHS Trust with all its assets and liabilities transferring to the ICO including the partnership agreement for the provision of adult social care services. In 2023/24 the payment to the Trust in the year for funding adult social care was the annual agreement fee of c.£55m.

The Council has pooled budget arrangements for the provision of a Joint Equipment Store with the Devon Integrated Care Board (ICB) and the Better Care Fund – see Pooled Budget Note 35.

## **Joint Committees**

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

### **Devon Assurance Partnership (formerly Devon Audit Partnership)**

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

Devon County is the "host" Council for the Joint Committee with all staff now employed by Devon County Council. Assets and Liabilities of the Joint Committee are split on an agreed basis.

### PATROL – Parking and Traffic Regulations outside London.

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

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

### South West Devon Waste Disposal Partnership

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

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

### The Heart of the Southwest Joint Committee

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

### Adopt Southwest (a Regional Adoption Agency)

The "Agency" commenced 1st October 2018. It is a Local Authority partnership between Devon County Council (the Host Authority), Somerset County Council, Plymouth City Council and Torbay Council, tasked with performing adoption service functions for the

region. By joining together, the skills, resources and best working practice of each organisation Adopt South West aims to improve outcomes for children and families, deliver a consistent value for money service.

### **37. Impairment Losses**

Impairment losses and impairment reversals are charged to the Surplus or Deficit on the Provision of Services. During 2023/24 the Council has recognised net impairment losses of £5.8m (£0.1m 22/23) in total on its property, plant and equipment charged to the Income and Expenditure account.

Impairment losses in 2023/24 related primarily to the revaluation of the Council's office accommodation and the newly acquired temporary accommodation properties. In addition, the Council's investment properties are revalued each year. In 2023/24 this resulted in a net decrease in fair value of £27.0m (£28.8m decrease in 22/23). £10.0m of this being impairment on the recently completed Harbour View Hotel.

### **38. Contingent Liabilities**

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

### **39. Prior period adjustments**

There are number of prior period adjustments required which have been identified on further review of the published draft accounts. There are two types of adjustments which are:

**Prior period adjustment – other** – adjustments required which do not impact on figures in the trial balance

**Prior period adjustment to trial balance** – adjustments required which impact on the figures in the trial balance

Details of each type of adjustment are included in the table below. Where the prior period adjustment has impacted figures, the balances have been clearly marked with 'Restated'.

Description	First draft 22/23	Other adjustments						Total adjustments made to the trial balance	Re-stated 22/23
	£m	£m	PFI schools revaluations	Pension	Earmarked reserves	Other adjustments	Missing part of disposal of Waterside		
Cost of Services	141.9	(4.6)		0.8	0.3	1.3		2.4	139.7
Other Operating Expenditure	4.4	4.6					(4.6)	(4.6)	4.4
Financing and Investment Income and Expenditure	24.3	4.3				(1.3)		(1.3)	27.3
Taxation and non-specific grant income and expenditure	(140.5)	(11.4)						0	(151.9)
(Surplus) or Deficit on Provision of Services	30.1	(7.1)		0.8	0.3	0	(4.6)	(3.5)	19.5
Other Comprehensive Income and Expenditure	(70.9)	(106.0)	10.5	6.6				17.1	(159.8)
Total Comprehensive Income and Expenditure	(40.8)	(113.1)	10.5	7.4	0.3	0	(4.6)	7	(140.3)
MIRS			(10.5)	(0.8)	(0.3)	0.0	4.6		

	£m	£m	£m	£m
<b>CURRENT ASSETS</b>				
Short Term Debtors	28.8	0.5	0	29.3
Cash and Cash Equivalents	2.8	0.6	0	3.4
<b>CURRENT LIABILITIES</b>				
Short Term Creditors	(48.1)	4.1	0.0	(44.0)
Overdraft	(3.9)	(0.5)	0.0	(4.4)
Short Term Borrowing	(2.6)	(1.7)	(5.0)	(9.3)
Other Short term Liabilities	(2.3)	0.5	0.0	(1.8)
<b>LONG TERM LIABILITIES</b>				
Long Term Borrowing	(382.6)	0.0	5.0	(377.6)
Other Long Term Liabilities	(39.7)	(0.1)	6.4	(33.4)
Net Defined Pension liability	(8.6)	(429.3)	429.3	(8.6)
<b>NET ASSETS</b>		<u>(425.9)</u>	<u>435.7</u>	
<b>USABLE RESERVES</b>				
General Fund	(6.1)	0.4	0.0	(5.7)
Earmarked Reserves	(57.2)	(6.1)	(2.4)	(65.7)
Capital grants and contributions	(23.3)	(0.1)		(23.4)
<b>UNUSABLE RESERVES</b>				
Pensions Reserve	8.6	441.7	(435.7)	14.6
Dedicated Schools Grant Deficit Account			2.4	2.4
Collection Fund Adjustment Account	5.0	(10.0)		(5.0)
<b>TOTAL RESERVES</b>		<u>425.9</u>	<u>(435.7)</u>	

# 13. Collection Fund Summary Account 2023/24

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

2022-23 £m		2023-24 £m
	<b><u>Council Tax</u></b>	
	<b>INCOME</b>	
(123.8)	Income from Council Taxpayers	(131.1)
25.7	Reduced Assessments	26.2
	Apportionments of previous year deficit	
(0.1)	Police & Crime Commissioner for Devon and Cornwall	0.0
(0.1)	Devon and Somerset Fire and Rescue	0.0
(0.1)	Torbay Council	0.0
<hr/>		
(98.4)		(104.9)
	<b>EXPENDITURE</b>	
	Precepts and demands on Collection Fund	
11.4	Police & Crime Commissioner for Devon and Cornwall	12.2
4.2	Devon and Somerset Fire and Rescue	4.5
78.5	Torbay Council	83.1
	Apportionments of previous year surplus	
0.0	Police & Crime Commissioner for Devon and Cornwall	0.1
0.0	Devon and Somerset Fire and Rescue	0.1
0.0	Torbay Council	1.1
	Bad & Doubtful Debts	
1.1	Write offs of uncollectable income	0.5
2.3	Provision for uncollectable income-addition / (reduction)	2.4
<hr/>		
97.5		104.0
<hr/>		
(0.9)	Movement on Fund Balance - (surplus)/deficit	(0.9)
<hr/>		
<b>FUND BALANCE FOR COUNCIL TAX</b>		
(0.7)	Balance brought forward	(1.6)
(0.9)	Surplus for year	(0.9)
<hr/>		
(1.6)	Balance - (surplus)/deficit carried forward	(2.5)
<hr/>		



2022-23 £m		2023-24 £m
	<b><u>Non-Domestic Rates</u></b>	
	<b>INCOME</b>	
(27.7)	Income from Ratepayers Transitional Relief	(29.0)
	Apportionments of previous year deficit	
(5.9)	Central Government	0.0
(0.1)	Devon and Somerset Fire and Rescue	0.0
(5.8)	Torbay Council	0.0
<u>(39.5)</u>	Total	<u>(29.0)</u>
	<b>EXPENDITURE</b>	
	Precepts and demands on Collection Fund	
12.3	Central Government	13.6
0.3	Devon and Somerset Fire and Rescue	0.3
12.0	Torbay Council	13.3
	Apportionments of previous year surplus	
0.0	Central Government	3.6
0.0	Devon and Somerset Fire and Rescue	0.1
0.0	Torbay Council	3.5
	Transitional Relief	0.0
	Renewable Energy payments	
	Bad & Doubtful Debts	
0.2	Write offs of uncollectable income	0.1
0.7	Provision for uncollectable income	0.5
	Impairments resulting from appeals	
0.0	Write offs of uncollectable income	0.0
(4.6)	Provision for uncollectable income	(0.6)
0.0	Interest charged to the collection fund	0.0
0.2	Transfer to General Fund - Cost of Collection Allowance	0.2
<u>21.1</u>		<u>34.6</u>
<u>(18.4)</u>	Movement on Fund Balance - (surplus) / deficit	<u>5.6</u>
	<b>FUND BALANCE FOR NON-DOMESTIC RATES</b>	
11.3	Balance brought forward	(7.1)
(18.4)	(Surplus) / deficit for year	5.6
<u>(7.1)</u>	Balance - (surplus) / deficit carried forward	<u>(1.5)</u>
	<b>COLLECTION FUND BALANCE</b>	
10.6	Balances brought forward	(8.7)
(19.3)	(Surplus) / deficit for year	4.7
<u>(8.7)</u>	Balance - (surplus) carried forward	<u>(4.0)</u>

## Notes to the Collection Fund Summary Account

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

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

Brixham Town Council, a local precepting authority, 'precepts' on Torbay Council as a billing authority to fund its activities, the precept for 2023/24 was £0.394m (£0.379m in 22/23) and is received from Council Taxpayers in the Town Council's area. This precept is included in Torbay Council's demand on the collection fund.

The balance on the Council Tax Fund was a surplus of £2.5m, an increase compared to the 22-23 surplus of £1.6m. The balance on the NNDR Fund was a surplus of £1.5m, a reduction in the previous year surplus of £7.1m.

### A) Council Tax Base 2023/24

The number of dwellings Band D equivalent for 2023/24 is required for the setting of the Council Tax. It is calculated prior to the start of the financial year by using the number of dwellings on the valuation list adjusted to set the number of chargeable dwellings per band. This is then adjusted for an appropriate level of reduced assessments (discounts) prior to the number of dwellings in each band being put in a ratio compared to Band D. For further details on this please see "Council Tax Base 2023/24" report from the Council meeting in March 2024.

For Council tax purposes the number of domestic properties in each band converted to a Band D equivalent for 2023/24 was as follows:

Additional Amount	Number of Chargeable Dwellings	Adjustments for Discounts	Notional Properties	Relationship to Band D	Band D Equivalent	Average Council Tax Per Dwelling
	Total				£	£
Band A - up to £40,000 (disabled)	0.0		-	5/9	0	
Band A - up to £40,000	1,362.0	(513.2)	848.9	6/9	565.9	42.33
Band B - over £40,000 up to £52,000	2,212.0	(569.2)	1,642.8	7/9	1,277.7	49.38
Band C - over £52,000 up to £68,000	2,460.0	(443.7)	2,016.3	8/9	1,792.3	56.44
Band D - over £68,000 up to £88,000	1,614.0	(188.0)	1,426.0	1	1,426.0	63.49
Band E - over £88,000 up to £120,000	721.0	(68.0)	653.0	11/9	798.1	77.60
Band F - over £120,000 up to £160,000	348.0	(35.8)	312.2	13/9	450.9	91.71
Band G - over £160,000 up to £320,000	98.0	(6.0)	92.0	15/9	153.3	105.82
Band H - over £320,000	6.0	(3.0)	3.0	18/9	6.0	126.98
	<b>8,821.0</b>	<b>(1,826.9)</b>	<b>6,994.1</b>		<b>6,470.2</b>	

Estimated change to Band 'D' equivalent net of discount (new properties)  
Estimated changes to discounts and exemptions

Gross estimate of new taxbase 2023/24	6,470.20
Add estimated contributions in lieu of Ministry of Defence properties	<hr/>
	6,470.20
Less estimated non-collection (0.4%)	(258.81)
<b>Tax Base 23/24</b>	<hr/> <b>6,211.39</b> <hr/>
Band D Council Tax (including Brixham)	2,196.23

## B) Income from Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate. The total rateable value as at 31<sup>st</sup> March 2024 was £98.9m (2022/23: £95.2m).

In line with the Local Government Act 2003, from 1st April 2005, there are two multipliers, the small business non-domestic rating multiplier, which is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier, which includes the supplement to pay for small business relief. The small business non-domestic rating multiplier for 2023/24 was 49.9 pence per pound of rateable value and the non-domestic rating multiplier was 51.2 pence per pound.

In April 2013 the NNDR retention scheme was introduced with Councils now responsible for a percentage share of all transactions in relation to NNDR income in their area. This to include movement up and down in NNDR income, (up to a safety net), which includes the payment of any outstanding NNDR appeals as at 31<sup>st</sup> March 2024 that have not yet been determined by the valuation office. Torbay Council as a unitary authority is responsible for 49% of the NNDR income, Department for Levelling Up, Housing and Communities 50%, and Devon and Somerset Fire Authority 1%.

## 14. Group Accounts

These group accounts which consist of four primary statements are provided in addition to the notes to the accounting statements in the “single entity” Statement of Accounts. Notes have been omitted as there are no material differences to the disclosures already made apart from a note for group property, plant, and equipment and for the net pension liabilities of the group. As all three entities are part of the Devon County Pension Fund the changes in asset values in the fund and changes in actuarial assumptions would be common to the note in the Council’s single entity accounts so have not been reproduced again.

Generally, the accounting policies for the Group accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the Group accounts. The critical judgements, estimation uncertainty points made in the single entity accounts (notes 3 and 4) applies to the group accounts as well.

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

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

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

<b>Entity</b>	<b>Torbay Ownership</b>	<b>Company Type</b>
CSW Group Ltd	25%	Joint Venture
Oldway Mansion Management Company - Dissolved June 2023	100%	Subsidiary (not trading)
Torbay Education Limited	100%	Wholly owned company
SWISCO Limited	100%	Wholly owned company
Riviera International Conference Centre - Dissolved December 2022	100%	Subsidiary (by control, not trading)
English Riviera Tourism Company	100%	Subsidiary (by control, not trading)
<b>Torbay Housing Company Group of Companies: (not trading in 2023/24)</b>		
Torbay Housing Company Ltd	100%	Wholly owned company, Parent of Group
Torbay Housing Development Company Ltd - Dissolved May 23	100%	Subsidiary of Torbay Housing Co
Torbay Housing Rental Company Ltd -Dissolved May 2023	100%	Subsidiary of Torbay Housing Co
<b>TDA Group of Companies</b>		
Torbay Economic Development Company (TEDC)		
(Trading as TDA)	100%	Wholly owned company, Parent of Group
TEDC Subsidiary Companies:		
Complete Facilities Management Services Ltd	100%	Subsidiary of TEDC
KAH Holding Company Ltd	100%	Subsidiary of TEDC
Enterprise South West Ltd	100%	Subsidiary of TEDC (not trading)
C&A Consultants Limited	100%	Subsidiary of TEDC
TorVista Homes Ltd	100%	Subsidiary of TEDC
TEDC Developments Limited	100%	Subsidiary of TEDC

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

The Group accounts have been prepared using the Group accounts requirements of the 2023/24 Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's Group accounts, to the extent that they are material to the users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

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

Associates and Joint Ventures have been consolidated using the equity method. Where an Associate or Joint Ventures has negative net equity these are recorded as nil value in the Group Accounts.

## Group Movement in Reserves Statement

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

<b>2023/24</b>	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves</b>	<b>Sub Total Revenue Reserves</b>	<b>Capital Receipts Reserves</b>	<b>Capital Grants Unapplied Account restated</b>	<b>Total Usable Reserves restated</b>	<b>Unusable Reserves restated</b>	<b>Total Council Reserves restated</b>	<b>Council share of Group restated</b>	<b>Total Group Reserves restated</b>
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 31st March 2023 brought forward</b>	(5.7)	(65.6)	(71.3)	(1.3)	(23.4)	(96.0)	(179.8)	(275.8)	(8.7)	(284.5)
<b>Movement in Reserves during 2023/24</b>										
Surplus or (deficit) on provision of services (acc basis) (accounting)basis)basis)	2.0	0.0	2.0	0.0	0.0	2.0	0.0	2.0	23.5	25.5
Other Comprehensive Expenditure and Income (see C I&E Statement)	0.0	0.0	0.0	0.0	0.0	0.0	(23.8)	(23.8)	1.7	(22.1)
I&E Adjustments between Group and Torbay	24.3	0.0	24.3	0.0	0.0	24.3	0.0	24.3	(24.3)	0.0
<b>Total Comprehensive Expenditure and Income</b>	<b>26.3</b>	<b>0.0</b>	<b>26.3</b>	<b>0.0</b>	<b>0.0</b>	<b>26.3</b>	<b>(23.8)</b>	<b>2.5</b>	<b>0.9</b>	<b>3.4</b>
Adjustments between accounting basis & funding basis under regulations	(30.8)	0.0	(30.8)	0.0	(2.5)	(33.3)	33.3	0.0	0.0	0.0
Adjustments between Group Accounts and Torbay accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(4.5)</b>	<b>0.0</b>	<b>(4.5)</b>	<b>0.0</b>	<b>(2.5)</b>	<b>(7.0)</b>	<b>9.5</b>	<b>2.5</b>	<b>0.9</b>	<b>3.4</b>
Transfers (to)/from Earmarked Reserves	3.9	(3.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Increase/(Decrease) in Year</b>	<b>(0.6)</b>	<b>(3.9)</b>	<b>(4.5)</b>	<b>0.0</b>	<b>(2.5)</b>	<b>(7.0)</b>	<b>9.5</b>	<b>2.5</b>	<b>0.9</b>	<b>3.4</b>
<b>Balance at 31st March 2024 carried forward</b>	<b>(6.3)</b>	<b>(69.5)</b>	<b>(75.8)</b>	<b>(1.3)</b>	<b>(25.9)</b>	<b>(103.0)</b>	<b>(170.3)</b>	<b>(273.3)</b>	<b>(7.8)</b>	<b>(281.1)</b>

<b>2022/23</b>	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves</b>	<b>Sub Total Revenue Reserves</b>	<b>Capital Receipts Reserves</b>	<b>Capital Grants Unapplied Account restated</b>	<b>Total Usable Reserves restated</b>	<b>Unusable Reserves restated</b>	<b>Total Council Reserves restated</b>	<b>Council share of Group restated</b>	<b>Total Group Reserves restated</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Balance at 31st March 2022 brought forward</b>	(5.7)	(67.0)	(72.7)	(1.2)	(22.4)	(96.3)	(39.2)	<b>(135.5)</b>	2.6	<b>(132.9)</b>
<b>Movement in Reserves during 2022/23</b>										
Surplus or (deficit) on provision of services (accounting basis)	(1.9)	0	(1.9)	0	0	(1.9)	0	<b>(1.9)</b>	22.3	<b>20.4</b>
Other Comprehensive Expenditure and Income (see C I&E Statement)	0	0	0	0	0	0	(159.9)	<b>(159.9)</b>	(12.2)	<b>(172.1)</b>
I&E Adjustments between Group and Torbay	21.4	0	21.4	0	0	21.4	0	<b>21.4</b>	(21.4)	<b>0</b>
<b>Total Comprehensive Expenditure and Income</b>	<b>19.5</b>	<b>0</b>	<b>19.5</b>	<b>0</b>	<b>0</b>	<b>19.5</b>	<b>(159.9)</b>	<b>(140.4)</b>	<b>(11.3)</b>	<b>(151.7)</b>
Adjustments between accounting basis & funding basis under regulations	(18.2)	0	(18.2)	(0.1)	(1.0)	(19.3)	19.3	<b>0</b>	0	<b>0</b>
Adjustments between Group Accounts and Torbay accounts	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>1.3</b>	<b>0</b>	<b>1.3</b>	<b>(0.1)</b>	<b>(1.0)</b>	<b>0.2</b>	<b>(140.6)</b>	<b>(140.4)</b>	<b>(11.3)</b>	<b>(151.7)</b>
Transfers (to)/from Earmarked Reserves	(1.3)	1.4	0.1	0	0	0.1	0	<b>0.1</b>	0	<b>0.1</b>
<b>Increase/(Decrease) in Year</b>	<b>0</b>	<b>1.4</b>	<b>1.4</b>	<b>(0.1)</b>	<b>(1.0)</b>	<b>0.3</b>	<b>(140.6)</b>	<b>(140.3)</b>	<b>(11.3)</b>	<b>(151.6)</b>
<b>Balance at 31st March 2023 carried forward</b>	<b>(5.7)</b>	<b>(65.6)</b>	<b>(71.3)</b>	<b>(1.3)</b>	<b>(23.4)</b>	<b>(96.0)</b>	<b>(179.8)</b>	<b>(275.8)</b>	<b>(8.7)</b>	<b>(284.5)</b>

## Group Comprehensive Income and Expenditure Statement

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

2022/23				2023/24			
Gross Exp £m	Gross Income £m	Net Exp £m	Services	Not e	Gross Exp £m	Gross Income £m	Net Exp £m
115.3	(62.7)	52.6	Adult's Services		119.2	(62.1)	57.1
120.7	(73.4)	47.3	Children's Services		119.9	(71.4)	48.5
16.5	(2.8)	13.7	Corporate Services		15.9	(1.9)	14.0
35.8	(33.2)	2.6	Finance		21.9	(31.6)	(9.7)
17.6	(24.8)	(7.2)	Place		45.7	(28.9)	16.8
30.3	(8.0)	22.3	Place – Subsidiary Companies		31.2	(7.5)	23.7
9.0	(0.2)	8.8	Public Health		9.9	(0.6)	9.3
345.2	(205.1)	140.1	<b>Cost Of Services</b>		<b>363.7</b>	<b>(204.0)</b>	<b>159.7</b>
4.4	0.0	4.4	Other Operating Income & Expenditure		0.5	0.0	0.5
47.9	(20.0)	27.9	Financing and Investment Income and Expenditure		33.9	(21.2)	12.7
0.0	(151.9)	(151.9)	Taxation and Non-Specific Grant Income and expenditure		0.0	(147.2)	(147.2)
397.5	(377.0)	20.5	<b>(Surplus)/Deficit on Provision of Services</b>		<b>398.1</b>	<b>(372.4)</b>	<b>25.7</b>
(0.1)	0.0	(0.1)	Share of (surplus) or deficit on the provision of serves by joint ventures and associates		0.0	0.0	0.0
		0.0	Tax Expenses of Group Companies		(0.2)	0.0	(0.2)
		20.4	Group (Surplus)/Deficit		397.9	(372.4)	25.5
		(22.2)	(Surplus)/Deficit on revaluation on Non Current Assets (PPE)				(22.2)
		0.0	Impairment losses on non-current assets charged to the revaluation reserve				1.6
		(6.6)	Adjustment Pension liability subsidiary and Devon County Council				(0.5)
		(143.3)	Remeasurement of net defined pension liabilities				(1.0)
		0.0	Council share of OCIE of Joint Venture and Associates				0.0
		(172.1)	<b>Other Comprehensive Income and Expenditure</b>				<b>(22.1)</b>
		(151.7)	<b>Total (Surplus)/Deficit in Comprehensive Income and Expenditure</b>				<b>3.4</b>



## Group Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Group at 31 March 2024. The net assets of the Group are matched by Group reserves.

31 <sup>st</sup> March 2023 £m		Note	31 <sup>st</sup> March 2024 £m
310.2	Property, Plant & Equipment	G1	329.4
97.6	Infrastructure Assets		94.3
40.2	Heritage Assets		47.6
182.1	Investment Property		163.8
0.8	Intangible Assets		0.7
0.1	Goodwill (Subsidiaries)		0.0
14.6	Long Term Investments		14.6
24.2	Long Term Debtors		24.7
<b>669.9</b>	<b>Long Term (Non-Current) Assets</b>		<b>675.1</b>
76.9	Short Term Investments		35.7
0.0	Assets Held for Sale		0.0
2.3	Inventories		2.4
30.8	Short Term Debtors		38.5
5.6	Cash and Cash Equivalents		6.8
<b>115.6</b>	<b>Current Assets</b>		<b>83.4</b>
(9.3)	Short Term Borrowing		(7.4)
(1.9)	Other Short-Term Liabilities		(2.0)
(47.1)	Short Term Creditors (inc Receipts in Advance)		(51.4)
(7.0)	Capital Grants/Contributions: Receipts in Advance		(2.2)
(3.0)	Provisions		(2.7)
(4.5)	Cash and Cash Equivalents		(4.9)
<b>(72.8)</b>	<b>Current Liabilities</b>		<b>(70.6)</b>
(2.7)	Long Term Creditors		(3.3)
(1.1)	Provisions		(0.7)
(377.6)	Long Term Borrowing		(355.3)
(33.5)	Other Long-Term Liabilities		(31.0)
(8.5)	Pension Liability	G2	(5.4)
(4.8)	Receipts in Advance		(11.1)
<b>(428.2)</b>	<b>Long Term Liabilities</b>		<b>(406.8)</b>
<b>284.5</b>	<b>Net Assets/Liabilities</b>		<b>281.1</b>
<b>97.5</b>	Usable reserves		<b>105.3</b>
<b>187.0</b>	Unusable Reserves		<b>175.8</b>
<b>284.5</b>	<b>Total Reserves</b>		<b>281.1</b>

These financial statements replace the unaudited financial statements confirmed by:

Signed by:  
Malcolm Coe  
Director of Finance  
Torbay Council



Date: 28<sup>th</sup> February 2025

## Group Cash Flow Statement

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

2022/23			2023/24		
£m	£m		note	£m	£m
	(17.7)	Net surplus or (deficit) on the provision of services			(23.1)
28.5		Adjustments to net surplus or deficit on the provision of services for non-cash movements		49.9	
(19.4)		Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities including proceeds of investments and disposal of assets		(16.8)	
(0.1)		Taxation		(0.1)	
	(8.7)	<b>Net cash inflows/(Outflow) from Operating Activities</b>			<b>9.9</b>
7.8		<b>Investing Activities:</b>		13.0	
(5.0)		<b>Financing Activities</b>		(22.0)	
	(5.9)	<b>Net increase or (decrease) in cash and cash equivalents</b>			<b>0.9</b>
2022/23			2023/24		
£m	Cash and Cash Equivalents		Notes	£m	
6.9	Cash and cash equivalents * at the beginning of the reporting period			1.0	
1.0	Cash and cash equivalents at the end of the reporting period			1.9	
(5.9)	<b>Net increase or (decrease) in cash and cash equivalents</b>			<b>0.9</b>	

Group cash flows generated from investing and financing services as included above are not materially different from those presented in the Council's cash flow statement. Please refer to item 10. Cash Flow Statement for a breakdown of these amounts.

## Notes to the Group Accounts Core Statements

### Note G1 – Property, Plant and Equipment

TDA Group property consists mainly of property held for regeneration purposes including Cockington Court and Craft Studios. Lymington Road Innovation Centre, Bishop's Place, Vaughan Parade, Kings Ash House, Rea Barn, several industrial units and affordable homes. SWISCO Ltd. property is primarily vehicles and equipment.

2022/23				2023/24				
Torbay Council	TDA Group	SWISCO	Total Group		Torbay Council	TDA Group	SWISCO	Total Group
£m	£m	£m	£m		£m	£m	£m	£m
				<b>Cost or Valuation</b>				
<b>282.2</b>	<b>18.7</b>	<b>1.3</b>	<b>302.2</b>	As at 1 <sup>st</sup> April	<b>311.3</b>	<b>20.1</b>	<b>2.6</b>	<b>334.0</b>
23.8	1.7	1.3	26.8	Additions	35.9	1.0	1.4	38.3
15.3	(0.1)	0.0	15.2	Revaluation increases/ (decreases) recognised in the Revaluation Reserve	9.6	(1.6)	0.0	8.0
(0.1)	(0.2)	0.0	(0.3)	Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(25.3)	0.0	0.0	(25.3)
(9.2)	0.0	0.0	(9.2)	Derecognition – Disposals	(0.3)	0.0	0.0	(0.3)
0.0	0.0	0.0	0.0	Assets reclassified (to)/from Held for Sale	0.0	0.0	0.0	0.0
(0.7)	0.0	0.0	(0.7)	Other movements in Cost or Valuation	0.0	0.0	0.5	0.5
<b>311.3</b>	<b>20.1</b>	<b>2.6</b>	<b>334.0</b>	As at 31 <sup>st</sup> March	<b>331.2</b>	<b>19.6</b>	<b>4.6</b>	<b>355.4</b>
				<b>Accumulated Depreciation and Impairment</b>				
<b>(23.4)</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(24.6)</b>	As at 1 <sup>st</sup> April	<b>(22.4)</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(23.8)</b>
(7.1)	(0.1)	(0.2)	(7.4)	Depreciation charge	(9.1)	(0.2)	(0.7)	(10.0)
7.4	0.0	0.0	7.4	Depreciation written out to the Revaluation Reserve	5.9	0.0	0.0	5.9
0.5	0.0	0.0	0.5	Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	2.0	0.0	0.0	2.0
0.2	0.1	0.0	0.3	Derecognition – Disposals	0.1	0.0	0.0	0.1
0.0	0.0	0.0	0.0	Other movements in Depreciation and Impairment	0.0	0.0	0.0	0.0
<b>(22.4)</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(23.8)</b>	As at 31 <sup>st</sup> March	<b>(23.5)</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(25.8)</b>
				<b>Net Book Value: -</b>				
				As at 31 <sup>st</sup> March 2023	<b>288.9</b>	<b>19.5</b>	<b>1.8</b>	<b>310.2</b>
				As at 31 <sup>st</sup> March 2024	<b>307.7</b>	<b>18.7</b>	<b>3.0</b>	<b>329.4</b>

## Note G2 - Defined Benefit Pension Schemes

### Local Government Pension Scheme

TEDC, Council and SWISCo are all separate admitted bodies to the Devon County Pension Scheme. For details of the Scheme please see note 28 of the council's single entity accounts. The note to the Group accounts only includes financial information where there is a material difference to the single entity accounts.

#### Net Pension Liability

	Council	Subsidiaries	31/3/23 £m	Council	Subsidiaries	31/3/24 £m
<b>Present value of Funded Obligation</b>	<b>(344.1)</b>	<b>(26.0)</b>	<b>(370.1)</b>	<b>(345.2)</b>	<b>(26.8)</b>	<b>(372.0)</b>
Fair Value of Fund Assets (Bid Value)	341.3	27.0	368.3	377.3	30.0	407.3
<b>Net Liability</b>	<b>(2.8)</b>	<b>1.0</b>	<b>(1.8)</b>	<b>32.1</b>	<b>3.2</b>	<b>35.3</b>
Present value of Unfunded Obligation	(5.8)	0	(5.8)	(5.4)	0	(5.4)
Impact of asset ceiling	0	(1.0)	(1.0)	(32.1)	(3.2)	(35.3)
<b>Net Liability in Balance Sheet</b>	<b>(8.6)</b>	<b>0</b>	<b>(8.6)</b>	<b>(5.4)</b>	<b>0</b>	<b>(5.4)</b>

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

		<b>Assets: Local Government Pension Scheme</b>		
2022/23	2022/23		2023/24	2023/24
£m Council	£m Subsidiaries		£m Council	£m Subsidiaries
351.6	27.8	Opening balance at 1 April	341.3	27.1
13.2	0.7	Interest on Assets	17.4	1.3
(18.1)	(1.1)	Return on Assets less Interest	22.1	1.8
0	(1.0)	Other Actuarial gains/(losses)	0	(0.2)
(0.2)	0	Administration Expenses	(0.2)	0
2.4	0.9	Contributions by scheme participants	2.7	0.2
6.7	0.3	Employer contributions	8.0	1.0
(14.0)	(0.5)	Benefits paid	(14.7)	(1.0)
(0.3)	0	Settlement process received/(paid)	0.7	0
<b>341.3</b>	<b>27.1</b>	<b>Closing balance at 31 March</b>	<b>377.3</b>	<b>30.0</b>

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

<b>£m</b>				
<b>Liabilities: Local Government Pension Scheme</b>				
<b>2022/23</b>	<b>2022/23</b>		<b>2023/24</b>	<b>2023/24</b>
	<b>Subsidiaries</b>			<b>Subsidiaries</b>
(486.3)	(45.8)	Opening balance at 1 April	(349.9)	(26.0)
(11.0)	(1.6)	Current service cost	(6.4)	(0.7)
(13.4)	(1.2)	Interest cost	(16.7)	(1.2)
189.8	18.5	Change in Financial Assumptions	7.2	0.8
-	2.4	Change in Demographic Assumptions	5.0	0.3
(40.9)	1.5	Experience (loss)/gain on defined benefit obligation	(1.0)	(0.6)
0.4	-	Liabilities (assumed)/extinguished on Settlements	(0.8)	-
13.4	0.5	Benefits paid	14.2	1.0
(0.1)	-	Past service costs, including Curtailments	(0.1)	(0.2)
(2.4)	(0.3)	Contributions by scheme participants	(2.7)	(0.2)
0.5	-	Unfunded Pension payments	0.6	-
(349.9)	(26.0)	Closing balance at 31 March	(350.6)	(26.8)
-	-	Present Value of Unfunded Obligation included in above	-	-

The estimated asset allocation for Torbay Council and its subsidiaries as at 31 March 2024 is as follows:

<b>£m</b>				
<b>2022/23</b>	<b>2022/23</b>		<b>2023/24</b>	<b>2023/24</b>
<b>Council</b>	<b>Subsidiaries</b>		<b>Council</b>	<b>Subsidiaries</b>
27	2	UK Equities	5	0
153	12	Overseas Equities	202	16
30	3	Property	29	2
30	2	Infrastructure	38	3
24	2	Target Return Portfolio	9	1
4	0	Cash	8	1
73	6	Other Bonds	86	7
341	27	Total	377	30

## Sensitivity Analysis on Actuarial assumptions:

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

	£m	£m	£m
<b>Council:</b>			
<b>Adjustment to Discount Rate</b>	<b>+0.1%</b>	<b>0%</b>	<b>(0.1%)</b>
Present Value of obligation	345.5	350.6	355.8
Projected Service Cost	7.0	7.2	7.5
<b>Adjustment to Long Term Salary increase</b>	<b>+0.1%</b>	<b>0%</b>	<b>(0.1%)</b>
Present Value of obligation	350.9	350.6	350.2
Projected Service Cost	7.2	7.2	7.2
<b>Adjustment to Pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0%</b>	<b>(0.1%)</b>
Present Value of obligation	355.6	350.6	345.7
Projected Service Cost	7.5	7.2	7.0
<b>Adjustment to Life Expectancy Rating Assumption</b>	<b>+1 year</b>	<b>None</b>	<b>(1 year)</b>
Present Value of obligation	364.7	350.6	337.0
Projected Service Cost	7.5	7.2	7.0
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Subsidiaries:</b>			
<b>Adjustment to Discount Rate</b>	<b>+0.1%</b>	<b>0%</b>	<b>(0.1%)</b>
Present Value of obligation	26.3	26.8	27.3
Projected Service Cost	0.5	0.5	0.5
<b>Adjustment to Long Term Salary increase</b>	<b>+0.1%</b>	<b>0%</b>	<b>(0.1%)</b>
Present Value of obligation	26.9	26.8	26.7
Projected Service Cost	0.5	0.5	0.5
<b>Adjustment to Pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0%</b>	<b>(0.1%)</b>
Present Value of obligation	27.2	26.8	26.4
Projected Service Cost	0.5	0.5	0.5
<b>Adjustment to Life Expectancy Rating Assumption</b>	<b>+1 year</b>	<b>None</b>	<b>(1 year)</b>
Present Value of obligation	27.6	26.8	26.1
Projected Service Cost	0.5	0.5	0.5

## **ANNUAL GOVERNANCE STATEMENT 2023/24**



# 15. 2023/24 Annual Governance Statement

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Conclusion

Appendix 1: Action Plan

## Version control

Date	Details	Updated by
12 July 2024	Draft for consideration by Audit Committee	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 arrangement, we are able to confirm that throughout the year, we have delivered against our agreed action plans and maintained robust corporate governance arrangements. Our decision making processes are understood by members and officers and the mechanisms which support those processes operate effectively.

We have recognised where there are areas for further improvement as outlined within this Statement. We propose, over the coming year, to take the steps detailed in the action plan below to address these areas to further enhance our governance arrangements. We are satisfied that these steps will address the issues identified and we will monitor their implementation and operation as part of our next annual review.



Anne-Marie Bond  
Chief Executive  
28<sup>th</sup> February 2025



Councillor David Thomas  
Leader of the Council  
28<sup>th</sup> February 2025

## 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 Director is preparing a set of Services Plans for their directorate which will 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 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
  - Job Descriptions
- Roles and responsibilities of Members and officers (and how they inter-relate) are also made clear during induction programmes. The Council Leadership Group (made up of the Leaders and Deputy Leaders of each Group) meets regularly.

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.
- 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.

- Draft Local Operating Policy for Governance of Council Wholly Owned Companies in place.
- The Forward Plan is published monthly 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 available for completion of Equality Impact Assessments within those reports.
- Quarterly budget monitoring and performance reports are presented to Directors, 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 their 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.
- 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 Annual Engagement Programme.
- 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 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.**

Following the Local Elections in May 2023, the Council's Chief Executive and Directors worked with all Members of the Council to develop the draft Community and Corporate Plan. The draft Plan was developed, considering data contained within the Torbay Profile, feedback from the Residents Satisfaction Survey and the political priorities of the Council. The draft Plan was then subject to consultation during September and October 2023 – this included consideration by the Overview and Scrutiny Board.

The Council Business Plan was then developed which set out the actions to be undertaken against each priority within the Community and Corporate Plan. These actions contained 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.

The Performance Management Framework is currently under review so that, from Quarter 1 of 2024/2025, the corporate performance report can provide assurance that progress against both the Community and Corporate Plan and the Council Business Plan is on track.

The Resource and Waste Management Strategy within the Policy Framework was amended in year to take account of changed political priorities. The changes were subject to public consultation. Now that the Community and Corporate Plan and Council Business Plan have been approved, a review of the strategies, plans and policies which make up the Policy Framework will be undertaken during 2024/2025.

The framework for completing Service Plans was reviewed in year, with the aim of making sure they are an effective tool to support the Council's continuous improvement. The Service Plans are currently being reviewed to ensure consistency and to identify inter-relationships.

The Member Development Programme was reviewed ahead of the Local Elections in May 2023, of which further details are included under Principle 5.

The Statement of Accounts 2023/24 has been prepared and was 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. Information on the Council's performance against our Customer Service Standards are included in quarterly performance reports which are considered by Directors, Cabinet members and the Overview and Scrutiny Board.

There are a range of meetings in place to ensure sufficient progress is being made against our improvements 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
  - Corporate Parenting Board
- For services for children and young people with Special Educational Needs and/or Disabilities:
  - SEND Strategic Improvement Board
  - Independent Check and Challenge Group
  - Children and Young People's Overview and Scrutiny Sub-Board

In April 2024, Torbay Council published its first Adult Social Care Self-Assessment Report which was prepared following consultation over the summer of 2023 with local stakeholders and in conjunction with HealthWatch.

Children's Services publish an annual self-assessment which for this financial year was published in December 2023 – this was used as a basis for the Annual Conversation with Ofsted which took place in May 2024. We continue to work with the Department for Education and Care Quality Commission in relation to the Written Statement of Action for our children and families who experience SEND. The Children's Leadership Team attended a 'Area SEND Engagement Meeting' in February 2024.

Over the course of the year, a review was undertaken of the 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.

Our Medium-Term Resource Plan was formally revised as part of setting the Council's budget in February 2024. 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.

The Treasury Management Strategy was reviewed by Audit Committee and its recommendations were considered by Council ahead of its approval in March 2024. Audit Committee received two progress reports which demonstrated our compliance with the strategy.

The Capital Growth Board met monthly to provide a continual review of the Council's Capital Programme and the risks for delivery and budget. New project management governance was introduced in 2023/24 promoting 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. A Board of Council officers and representatives of the partners will report to the Council to provide oversight and six-monthly updates on progress will be reported to Overview and Scrutiny Board. Quarterly meetings of the Management of Investment Assets Group were held to oversee management of our investment properties. 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 Local Operating Policy for Governance of Council Wholly Owned Companies is in development. 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.

Following a recommendation made by Cabinet, the decision was made at a meeting of the Council in September 2023 to dissolve the Torbay Economic Development Company (trading as TDA) and bring its services back into the Council from 1 April 2024. The need to deliver more for Torbay at a time of significant change in the regional and national economic development environment meant that a review of the fundamental purpose of the company was needed. The Chief Executive, in consultation with the Leader of the Council, was given delegated authority to determine the arrangements of a safe transfer.

## **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:

- Article 11 – Decision Making
- Article 11 – Review and Revision of the Constitution
- Standing Orders in relation to Council Meetings
- Local Protocol on Leader of the Council and Political Groups
- Local Protocol on Civic and Ceremonial
- A New Local Protocol on Indemnity and Insurance for Members and Officers
- Contract Procedures
- Local Protocol Consultation Arrangements with Town/Parish Councils and Neighbourhood Forums

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.

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.

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. Now that the TDA are back in house it is anticipated that this will aid closer working.

In their July 2023 report on Section 106 and Community Infrastructure Levy (CIL), Devon Audit Partnership identified the need to:

- Enforce CIL and Section 106 project ownership thereby maximising potential for planning obligation income to be allocated and spent in line with agreements.
- Ensure monies are collected and allocated to projects, and to make any related accounting adjustments if required.
- Establish a CIL and Section 106 operational governance framework linked to the Council's strategic objectives.

The Council's Section 151 Officer will engage with the CIL Neighbourhood Portion Spend Panel and an application process with forms and guidance is now in place. Refunds of monies and decisions regarding virements are to be routed through the Finance Team for review and the relevant systems updated. The Council has implemented a new reporting system to easily identify monies that should have been spent or refunded. This is known as the Exacom system.

During 2023/2024 the Monitoring Officer has held monthly 'open sessions' with Members whereby any concerns could be raised and member behaviour generally discussed. In addition, the Monitoring Officer continues to meet as needed with the Independent Persons (appointed to assist the Standards Committee in the Member Complaint Process) to hear their views and opinions on any relevant matters relating to members' conduct. The Monitoring Officer has received complaints which were dealt with in accordance with the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct complaints.

As described under Principle 1, the Member Development Programme was reviewed ahead of the Local Elections in May 2023.

The Independent Remuneration Panel (IRP) met in 2023/24 to undertake a fundamental review of Members' Allowances. The Panel recommended that a Basic Allowance of £9,794 (based on the National Joint Council allowance increase of 3.88%) should be set

with all Special Responsibility Allowances (SRAs) being a multiplier of the Basic Allowance, with travel and subsistence allowances being the same as those for council officers. It felt that the decision to extend the list of approved duties was outside their remit and was a political decision.

The IRP report was considered by the Council at its meeting on 22 February 2024 – the proposed increase in Basic Allowance was not accepted, instead agreeing the principle to increase the allowances by the same percentage as the average of staff pay (as previously adopted) at 5.28% and that this be the basis for future annual increase calculated by the Director of Finance. They accepted the application of the multiplier to calculate the SRAs and increased the number of meetings listed as approved duties. 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.

The Council considered the Annual Pay Policy and Gender Pay Gap report on 22 February 2024.

In relation to adult social care, a new agreement was agreed under Section 75 of the NHS Act 2006, by the Council, Devon Integrated Care Board and Torbay and South Devon NHS Foundation Trust on 20 March 2024. As part of this a Section 75 Executive Group was established 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, stepping away from the previous joint Plymouth Council arrangements that were initiated in 2019 after the dissolution of the Torbay Safeguarding Children Board.

A new Corporate Safeguarding Policy was developed in December 2023. It was an action from the Torbay Safeguarding Children Partnership audit and has been developed to provide guidance for all Torbay Council staff, Elected Members, volunteers and individuals, consultants and agencies contracted (and sub-contracted) by the Council who may come across concerns regarding the safeguarding and protection of children, young people and adults within the context of their work. It was approved by senior leaders and was also consulted on with Trade Unions via the Joint Consultative Committee in December 2023. It was launched more widely with staff via our Staff News and Staff Forums and is hosted on the Council's staff intranet pages as well as the Council's external web-pages.

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.

### **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 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 Audit Partnership operates in line with the Public Sector Internal Audit Standards. The Internal Audit Plan is agreed annually by the Director of Finance, Senior Leadership Team 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 26 July 2023.

The Council's Directors agreed a set of Commitments following their consideration of the Staff Check-in Survey in October 2023. This includes implementation of Directorate Newsletters and creating more opportunities for staff to feedback to Directors.

The Council's Constitution includes the Code of Corporate Governance with the statutory governance officers meeting on a regular basis to review governance arrangements. Over the course of the year, the Council's Assurance Framework has been documented and will be agreed in 2024/2025.

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. An action plan has been developed and agreed following the last check-in survey.

Staff are asked to demonstrate how they meet the Council's Core Values at their annual appraisal.

### **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 2023/24, three decisions were called in.

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

A review of the operation of overview and scrutiny was carried out and a report was presented and approved at the Overview and Scrutiny Board on 5 July 2023. The report contained ten recommendations to improve the operation of overview and scrutiny including the creation of a Cabinet and Overview and Scrutiny Protocol, ongoing training for Members and officers, ensuring their work is channelled through the right method e.g. councillor call for action, task and finish groups, spotlight reviews etc., improving communications and the Director of Corporate Services being identified as the main Senior Leadership Team support for overview and scrutiny.

The standard format for reports to decision makers was amended in year to take account of the new Community and Corporate Plan. The Equality Impact Assessment and “Protecting our naturally inspiring Bay and tackling climate change” sections of the report template were updated and new guidance prepared. A session was held during a Senior Managers Forum on the need for Equality Impact Assessments and each Directorate Management Team is being briefed.

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 Council’s policies and procedures in relation to the Regulation of Investigatory Powers Act (RIPA) were subject to inspection in November 2023 by the Investigatory Powers Commissioner’s Office. This inspection found that there was an acceptable level of compliance given the Council does not rely on RIPA when carrying out investigations. In their October 2023 report on the Subject Access Request (SAR) process, Devon Audit Partnership identified significant reputation and financial risks posed to the Council on non-compliance with SAR legislation in relation to meeting statutory response times. Response times by departments have been impacting the Information Governance Team’s ability to respond within timescales. Performance since the audit has continued to improve with 100% of SARs responded to on time in quarter 4 of 2023/24. Performance is closely monitored, and resources reviewed at year end in line with performance.

The Procurement Act 2023, which comes into effect on 28 October 2024 will fundamentally change how public procurement is carried out. Contracts put in place prior to the implementation of the Act will continue to be governed by the requirements of the Public Contracts Regulations 2015. The Health Care Services (Provider Selection Regime) Regulations 2023, which encompasses some of the public health services commissioned by the Council. This means the Council will be managing its procurements and resultant contracts under three different sets of legislation. To facilitate this new Council Contract Procedures, setting out the framework for how procurement and contract management will be undertaken, were introduced on 1 April 2024. Work is underway to develop and implement new policies, guidance and training materials to support the implementation of the Procurement Act 2023 and revised Contract Procedures.

Devon Assurance Partnership’s March 2024 report on the SWISCo Client Role acknowledged there is a commissioning agreement in place but they were unable to evidence, and therefore confirm, compliance by departments in relation to ensuring value for money and service standards where additional services were commissioned outside of the core agreement. Where the Council commissions work outside of the commissioning

agreement, it is the responsibility of the commissioning department to ensure value for money is considered.

The Council undertook its first Residents Satisfaction Survey in July 2023 based on the Local Government Association (LGA) survey of the same name. This Survey will be undertaken every two years to test how well the Council is improving its service delivery. The way the Council carries out its engagement and consultations with its residents is continually evolving. The Engagement and Communications Team ensure the right audience is targeted and approached, inviting them to take part. Consultations are available online, but also paper copies are made available in local Libraries or taken to places residents who may be interested are. The Team will also consider running face-to-face events on live consultations to ensure the Council speak to those that it impacts or are interested. Bi-monthly face-to-face engagement sessions now also take place. These are often in places where there is a high foot fall, like high streets or at local events like the Airshow.

The Council's new risk framework, policy and registers formally went live from 1 April 2023. Extensive risk training and risk workshops have been held with Directors, managers and key officers to identify and embed our risk management culture into the organisation. All strategic, corporate and service risks are held on our risk management software SPAR.net which has built in features to ensure senior managers review their risks regularly and take accountability for the information held on the system. Regular risk reports are produced to embed risk into our governance meetings including Directors Overview Meetings and Audit Committee. The Risk and Performance Manager liaises with the Directors to ensure the registers align to the performance of the Council. The arrangements were audited by Devon Audit Partnership in November 2023 and were given a rating of 'reasonable assurance'. A Phase 2 improvement plan is in place that will continue the good work to embed our processes over the coming year.

The Monitoring Officer, Chief Finance Officer, Head of Human Resources and the Head of Devon Audit 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.

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

The Member Development Programme was reviewed taking account of feedback from Members, the Monitoring Officer, Chief Executive, Head of Governance Support and Democratic Services Team Leader. The aim was to provide a comprehensive Induction Programme for 2023/2024 following the Local Government Elections in May 2023 with an outline Programme for the following three years. The Programme consists of 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 are also encouraged to sign up to updates from the Centre for Governance and Scrutiny and the Local Government Association (LGA) who provide a lot of free events. The Chairman of the Audit Committee, Senior Scrutiny Members and Cabinet Members

also took part in the LGA Leadership sessions, with all Members being encouraged to attend the LGA free online events to enhance their knowledge. Scrutiny Members also take part in regional networks to share good practice.

The Council's approach to onboarding and inducting new Members of staff was reviewed over the year. The way in which the Council recruits and welcomes new members to the organisation was redesigned following feedback from new starters. We wanted to make sure our new colleagues felt welcomed and part of our organisation from the moment they accept their job offer to the day they step into our building, be that virtually or in person. Our recruiting managers now set their new colleague up on our onboarding system where they can manage many of the administration tasks required to start their first day, before they start. This saves time on administration processes in the first week and helps us keep in contact throughout the transition. We have also enhanced our induction process and making it consistent across the organisation. By standardising our approach, making sure everyone has a similar experience, we have made sure that everyone has their warm welcome and is made to feel part of our team from day one. This was part of our wider project to improve our recruitment and retention of our colleagues.

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. For staff we have run Equality, Diversity and Inclusion, Customer Services and Personal Safety and Conflict Management training, as well as courses that support employee wellbeing such as Emotional Resilience and Safetalk.

Over the year, employment policies such as the Annual Pay Policy, Flexible Working Requests Policy, Carers Support Policy, Paternity Policy and Re-organisation and Redundancy Policy have been updated in response to operational and legislative changes. Workforce planning continues to be rolled out across the whole Council, as it is a core business process to align changing organisation needs with its people strategy. If applied effectively, organisations reduce costs and build an agile workforce. It redefines workforces, workplaces, and talent. The purpose of delivering the LGA model of workforce planning across the whole Council is to use the same workforce planning methodology, enabling the Council to have the right people with the right skills in the place to deliver Council objectives.

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 Council has reviewed its methodology and approach to project management and a new methodology based on PRINCE2 has been designed with a toolkit and associated templates to support officers in delivering projects in a structured and consistent way. This new methodology will be launched in the summer of 2024.

Our People Strategy sets out the key actions we will take to help us to build a workforce for the future supporting Torbay Council's ambition and vision for the community as set out in its Community and Corporate Plan. The key themes focus on recruitment and retention, employee wellbeing, ways of working, learning and development, equality and diversity and organisational culture. There is an accompanying action plan that sets out the timescales and deliverables over the next five years, until 2029. A set of success criteria are also included that we will measure ourselves against, these include recruitment statistics via our applicant tracking system, including number of applicants and key diversity information, workforce engagement activities and feedback, Strategic Risk Register and Key Performance Indicators and Customer complaints and compliments.

## **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 25 May 2023 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 comprehensive report is covered with the results, including how those who need to know about it are reached. This is all then reported back to the relevant team to inform their decision making. The Engagement and Communications Team also review how these have run to see what has worked well and where improvements can be made. From the lessons learnt, this year teams are being encouraged to carry out face to face engagement events, alongside the online consultation, if appropriate and to focus on who the target audience is and how they would like to receive the information. The Engagement and Communications Team are also working on ensuring the results of the consultations and engagements are fed back to those who took part. This is so they can see the results and the outcome of any decision that was made, closing the feedback loop.

The Engagement and Communications Team have also been consistent with promoting the live streaming of the meetings of the Council, Cabinet and Planning Committee. This is done on the Council's corporate social media channels and in its weekly One Torbay e-Newsletter. The impact of this is that the number of followers of the Council's YouTube account have doubled along with an increase in the number of views of these meetings. 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 performance report is being prepared based on the new Community and Corporate Plan and the Council Business Plan. In the interim, the performance report included the performance indicators within the previous and emerging Community and Corporate Plans.

Target setting for 2024/25 and future years was discussed between the Chief Executive and her Directors with the Overview and Scrutiny Board due to provide a view on the agreed targets as part of the performance report for Quarter 1 of 2024/25.

Over the course of the year, the Council Business Plan has been developed by the Cabinet, with cross party input through the Council Leadership Group and Overview and Scrutiny Board. This is a three-year delivery plan for the longer-term Community and Corporate Plan. A refreshed Service Planning Framework was also put in place so that delivery against both the Community and Corporate Plan and the Council Business Plan can be tracked by directorate.

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 Business Improvement and Change Team who manage the Council Redesign Programme is also subject to oversight from the Council internal audit team who give assurance on the projects and programmes they deliver. In their recent Audit Statement for 2023/24 our internal auditor stated that 'there is a generally sound system of governance, risk management and control in place' for projects and programmes and this included the council redesign programme.

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. Audit identified areas where the governance control framework could be strengthened, notably opportunities to improve management and officer awareness through training and inclusion of climate change aspects within service plans, allocation of Council wide responsibilities for climate change and associated actions and assessment and incorporation of relevant risks and actions rising from the Devon Adaptation Strategy when finalised. In response climate change considerations will be embedded within project management templates. Roles and responsibilities for the 'three lines of defence' for climate change are being explicitly added to the Place Directorate. A comprehensive climate adaptation risk assessment for Torbay Council will commence in September 2024.

## 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

<b>Agreed Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
Undertake review of the Policy Framework	Head of Policy, Performance and Community Engagement	December 2024
Develop a framework to standardise the measurement of holding or releasing assets	Strategic Head of Asset Management	December 2024
Agree Council's Assurance Framework	Head of Policy, Performance and Community Engagement	Autumn 2024
Launch of revised methodology for project management	Head of Business Change and Improvement	August 2024

## 16. Glossary

### A

**Academy Schools** – These are independent schools funded from the Department of Education.

**Accumulating Compensated Absences Adjustment Account** - The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

**Actuarial Remeasurements** – For a defined pension scheme, the changes in actuarial deficits or surpluses that arise because events have not matched previous assumptions and/or actuarial assumptions have changed.

**Agency** – Under an agency arrangement the Council acts on behalf of other bodies, so in effect any monies that flow through the Council's accounts under that arrangement are not the Council's asset or liability.

**Amortisation** - a term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the Council (similar to the depreciation charge for tangible fixed assets).

**Amortised Cost** – the fair value of a financial instrument valued using the effective interest rate inherent in the contract.

#### **Asset categories & their definitions:**

Property, Plant & Equipment category on the balance sheet is comprised of a number of subcategories:

Vehicles, Plant & Equipment – Assets used for operational purposes

Community Assets - assets which the Council intends to hold in perpetuity, which may have an indeterminate life and may have restrictions on disposal.

Surplus Assets – assets which are surplus to service needs but do not meet the criteria to be classified as Assets Held for Sale.

Infrastructure Assets – assets which form the underlying framework of the physical environment and by their nature cannot be sold. They include coastal defence and drainage systems and transport infrastructure assets. Transport infrastructure assets form the underlying transport framework of the physical environment and by their nature cannot be sold. They include highways, footways, and associated assets.

Assets under construction (Work in Progress) - where capital projects are incomplete and the assets under construction are not yet operational at the year end.

Other Land and Buildings – Assets used for operational purposes, including any operational heritage assets.

**Assets Held For Sale** – a category of property where the property is expected to be sold and is to be actively marketed so is classified as a current asset rather than a non-current asset.

**Assets Under Construction** – expenditure incurred to date on an asset that is being constructed and at balance sheet date is not operational.

**Authorised for Issue Date** – The date up to which the Council will have included latest information of financial transactions that would have a significant impact on both the Accounts for the year or on the readers understanding of the Council's financial position.

**Available-for-sale assets** - (i.e., investments and cash equivalents) - assets that have a quoted market price and/or do not have fixed or determinable payments.

## **B**

**BEIS** – Department for Business, Energy, and Industrial Strategy. The central government department that funded the COVID Business Grant schemes.

**Borrowing** - Councils borrow to fund Capital expenditure or for temporary cash flow requirements. Most of the Council borrowing will be from Central Government by means of the Public Works Loans Board. Councils are free to use other borrowing options provided they are within the Council's treasury management arrangements.

## **C**

**Capital Expenditure** - payments made for the acquisition, provision or improvement of assets, which will be of a long-term value to the Council, e.g., land and buildings.

**Capital Adjustment Account** - The Capital Adjustment Account represents the capital funding used to finance capital investment immediately from capital receipts and directly from revenue. It also contains amounts which in the past were required by statute to be set aside from capital receipts for the repayment of external loans. The Account is also used to compensate the General Fund Revenue Account for any excess of charges paid in respect of depreciation of assets over the statutory Minimum Revenue Provision that Council Taxpayers are required to bear. The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and accumulated losses on Assets held for Sale that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on non-current assets before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

**Capital Financing Requirement** - The Capital Financing Requirement shows the underlying need to borrow because of capital investment offset by any resources set aside in the year. The CFR was introduced from 1 April 2004 by the Prudential Code for Capital Finance and reflects the movement in the Balance Sheet Accounts for Fixed Assets, Capital Financing Account, Government Grants Deferred and the Fixed Asset Restatement Account.

**Capital Grants and Contributions Unapplied Reserve** - This reserve holds the balance of any capital grants and contributions at the end of each financial year that have been received and recognised as income in the Comprehensive Income and Expenditure Account but not yet applied to finance capital expenditure.



**Capital Receipts** - money received from the sale of assets or the repayment of grants and loans which is available for financing future capital expenditure.

**Capital Receipts Reserve** - This reserve holds the balance of any capital receipts at the end of each financial year that have been received and recognised as income in the Comprehensive Income and Expenditure Account but not yet applied to finance capital expenditure.

**Cash & Cash Equivalents** – cash, bank balances and short-term investments that are held for the primary purpose of short-term cash flow purposes and not for investment purposes.

**CIPFA** – The Chartered Institute of Public Finance and Accountancy – the accounting institute that helps regulate and support accountants in the public sector.

**CCLA** – Churches, Charities and Local Authorities. A property fund used for some of the Council's cash investments

**Code** – The CIPFA Accounting Code of Practice – the guidance for Council's in producing their IFRS compliant accounts.

**Collection Fund Adjustment Account** - The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

**Contingent asset** - arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

**Contingent liability** - arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council

**Corporate and Democratic Core** – All activities which the Council engage in specifically because they are elected, multi-purpose authorities.

**Current** – a term applied to different categories of assets and liabilities to reflect that the asset or liability will be used or incurred within twelve months.

**Current Service Costs (pension)** – The increase in the present value of a defined benefit pension scheme's costs due to the employee service in the current period.

**Current Value** – The value that the majority of fixed assets are held at in the Council's balance sheet. This value reflects the most recent valuation of that asset or pending a valuation the current value is increased by capital expenditure on that asset.

**Curtailment** – For a defined benefit pension scheme, an event that reduces the expected years of future service of employees.

**Creditors** - amounts owed by the Council for work done, goods received or services rendered but for which payment had not been made by the end of the year.

## D

**DfE** – the Department of Education, the central government department responsible for a number of services including schools.

**Debtors** - sums of money due to the Council but unpaid at the end of the year.

**Dedicated Schools Grant Adjustment Account** – an unusable reserve for the accumulated deficits within the ring-fenced Dedicated Schools Grant primarily from overspends in the Higher Needs Block of the grant that is used to support the education of pupils with Education, Health and Care Plans.

**Deferred Capital Receipts Reserve** – reserve to reflect the value of future capital receipts for assets treated as disposal but with an ongoing rental stream from a long-term lease.

**Defined contribution / defined benefit schemes (Pension costs)** – There is an important distinction between defined contribution and defined benefit schemes in terms of pension accounting.

### **Defined contribution:**

- employer pays fixed amounts into the scheme and has no obligation to pay further amounts if the scheme does not have sufficient assets to pay employee benefits
- accounted for by charging employer contributions to revenue as they become payable

### **Defined benefit:**

- retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits
- accounted for by recognising liabilities as benefits are earned (i.e. employees work qualifying years of service), matching them with the organisations attributable share of the scheme's investments

**Depreciation** - Amounts set aside from the revenue account which represents the wearing out, consumption or loss of value of a fixed asset spread over the useful life of the asset.

**Devolution** - The transfer or delegation of power to a lower level, especially by central government to local or regional administration.

**Discount Rate** – A high quality corporate bond rate (usually AA) that the pension actuary uses to estimate the value of the pension liability

**MHCLG** – the Ministry of Housing, Communities and Local Government, the central government department responsible for local government.

**DWP** – the Department of Work and Pensions – a central government department that deals primarily with welfare benefits.

## E

**ESFA** - Education and Schools Funding Authority – a central government body that is responsible for the majority of schools funding.

**EFW** – Energy From Waste facility, opened in April 2015 in Plymouth that disposes of Torbay’s domestic waste

**EMMF** – Enhanced Money Market Fund, a pooled fund used for Council cash investments where the net asset value can vary.

**Exceptional Items** – Events or transactions that fall within the ordinary activities of the Council and need to be disclosed separately due to their size to give fair presentation of the accounts.

**Expected Losses** – a model for assessing the value of the impairment of assets using a forward look rather than relying on evidence that impairment has taken place

**Expected Rate of Return on Pension Assets** – The average rate of return, including income but net of scheme expenses, expected over the remaining life of the pension.

**Extraordinary Items** – Abnormal material items are those which fall outside the ordinary activities of the Council and which are not expected to recur.

## F

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

**Fair Value through Profit and Loss** – A classification of a type of financial asset. The Council’s fund manager holding has been designated into this category as this holding meets the definition of this type of financial instrument – I.e., the holding is part of a portfolio of investments managed as a whole.

**Financial Guarantee** – a liability recognised to reflect any legal agreements with a third party that may incur a cost to the council if the future if that third party is unable to meet a specified future cost if it occurs.

**Finance Lease** – A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally ninety per cent or more) of the fair value of the leased asset. The present value is calculated by using the interest rate implicit in the lease.

**Financial Instrument** – a general term relating to several contractual arrangements, such as investments, borrowing, debtors and creditors, that a Council may incur. Based on this classification there are several additional accounting requirements relating to the fair value of an arrangement which may be different to the contractual amount due to an assessment of risk or value.

**Financial Instruments Adjustment Account** - The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments such as the CCLA Property Fund per statutory provisions. Also known as the pooled investment fund adjustment reserve.

**Funded Pension Liabilities** – These are liabilities relating to pensions due in the future to members of a pension fund based on the “standard” entitlements within the scheme.

## G

**Grants – Receipts in Advance** – a grant from central government or other body that has conditions that will require repayment of the grant if not complied with. These grants are not recognised as income until the conditions are met.

## H

**Heritage Assets** - Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, civic regalia, museum and gallery collections and works of art.

**Historical Cost** – the historical or original cost of a fixed asset can be increased by further capital expenditure on that asset.

## I

**ICB – Devon Integrated Care Board** - The NHS body responsible for the commissioning of health services in Torbay.

**ICO - Integrated Care organisation** - The "descriptive" name for the Torbay and South Devon NHS Foundation Trust as the provider of health and adult social care service to both Torbay Council and the Clinical Commissioning Group.

**Impairment** – A reduction in the value of a fixed asset, below its balance sheet value.

**Insurance Contracts** – a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Council’s pension guarantees are within this classification.

**Intangible Assets** – (notably software) are recognised on the Balance Sheet at their cost of acquisition or development but only revalued in restricted circumstances.

**Interest Costs for Pensions (net)** – The expected increase in value for a defined benefit scheme, as it draws closer to settlement.

**Investment Properties** – land and buildings held only for the income stream or for capital appreciation.

**IFRS** – International Financial Reporting Standards. These are the financial “rules” that Council accounts will have to comply with. These rules should be consistently applied throughout all bodies throughout the world.

## J

**Joint Committee** – a formal committee of local authorities established under the provisions of Local Government Act 1972 usually for the management of a shared service.

**Joint Operation** - An arrangement under which participants engage in joint activities with joint control but do not create a legal entity

**Joint Venture** - An arrangement under which the participants engage in joint activities with joint control by means of a separate vehicle/entity.

## L

**LEP** – Heart of the South West Local Enterprise Partnership. A regional body covering the geographical area of Devon and Cornwall focussing on business and transport activity.

**Liquid Resources** – Current asset investments that are readily disposable by the Council without disrupting its business.

**Loans and receivables** (i.e., investments and loans) - assets that have fixed or determinable payments but are not quoted in an active market

**LOBO** – A “Lender Option, Borrowing Option” loan. Such a loan has a set rate for a defined period, after which point, the lender has the option of changing the rate. If that option is actioned the borrower then has the option to either accept the new rate or repay the loan.

## M

**MRP - Minimum Revenue Provision** - The minimum amount which must be charged to a Council’s revenue account each year and set aside as provision for repayment of debt, as required by the Local Government Act 2003. For assets funded from unsupported borrowing this must be a “prudent” amount.

**Modified form of historical cost** – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost

## N

**Net Book Value** – The amount at which fixed assets are included in the balance sheet.

**Net Debt** – The Council’s borrowings less cash investments.

**New Homes Bonus Grant** – A general grant that is linked to the growth in the number of properties available for occupation either from a new home or an empty home brought back into use.

**NNDR** – National Non-Domestic Rates, a national tax collected on a local level formally known as business rates.

**NNDR Retention Scheme** - This method of funding Council’s moves Councils away from central government funding based on a service “needs” basis to one linked more to economic growth

**Non Current Assets** – assets, primarily land and buildings that have an asset life of over one year and are not used for trading purposes.

**Non Distributed Cost** –a category within the Council’s cost of services that represents past service costs (see below) and other costs that have not been attributed to specific services.

## O

**Operating Lease** – An operating lease is a lease other than a finance lease (please see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding undischarged obligations in relation to such leases.

## P

**Past Service Cost** – The increase in the present value of a defined benefit pension scheme, as a result of improvements to, retirement benefits.

**Pensions Reserve - (Funded and Unfunded Liabilities)** - The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside, (usually by means of adjusting contribution rates); by the time the benefits come to be paid.

**PFI - Private Finance Initiative** – A method of using private investment to fund public sector schemes often supported by central government. The private sector typically builds an asset such as a school and then charges the Council over a period of typically 25 years to use and pay for the asset.

**Pooled Investment Fund Adjustment Account** - absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments such as the CCLA Property Fund per statutory provisions. Also known as the Financial Instrument Adjustment Account.

**Post Balance Sheet Events** – Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed.

**Prior Period Adjustments** – Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements.

**Precept** - A levy made by one statutory body on another to meet the net cost of its services.

**Precepting Body** – the statutory body that makes a “precept” on a Council that is responsible for collecting Council Tax in an area. Town and parish Councils are classified as a Minor Precepting body which means they precept their tax requirement on the Council who then include that amount in their precept.

**Projected unit method (Pensions costs)** – an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits

valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

**Property, Plant & Equipment** – a category of non current assets that show the carrying value of the Council’s operational assets.

**Provisions** - amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g., bad debts.

**Prudential Code** – The CIPFA Prudential Code for Capital Finance in Local Authorities which is the guidance applicable from April 2004 for the greater freedom for Councils to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Council to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and establish its policy for using the new freedoms.

**Prudential Borrowing** – see Unsupported Borrowing

**PWLB** – see Borrowing

## R

**Related Party Transaction** – Is the transfer of assets or liabilities, or the provision of services to or for a related party, irrespective of whether a charge is made.

**REFCUS – Revenue Expenditure Funded from Capital Under Statute.** This represents expenditure that qualifies as capital for the purposes of government controls, but does not result in the acquisition, creation or enhancement of a tangible fixed asset. As a result the expenditure in this category and related grants or contributions are reported as revenue income and expenditure.

**Retirement Benefits** – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**Reserves** – are available for meeting general and future expenditure, for example, capital expenditure on new projects or unforeseen occurrences. Reserves may also be used to smooth the cost of certain activities over several years, e.g., crematoria replacement.

**Revaluation Reserve** – The Revaluation Reserve contains the net gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Intangible Assets and the “frozen” revaluation gains in assets now classified as Investment Properties or as Assets Held for Sale. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

- The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date were consolidated into the balance on the Capital Adjustment Account.

**Revenue Contribution to Capital Outlay** - the financing of capital expenditure, directly funded from revenue or reserves, rather than from borrowing or other sources.

**Revenue Expenditure** - expenditure on day-to-day expenses consisting mainly of employee costs, the running expenses of buildings and equipment and capital financing costs.

**Revenue Support Grant** – a General Government Grant funded from national taxation to support the Council's net expenditure.

**RICC** – Riviera International Conference Centre, a facility owned by the Council.

## **S**

**S31 Grant** – a grant awarded by central government to councils where the legal basis for the grant is section 31 of the Local Government Act 2003.

**Scheme Liabilities** – Money due on a defined benefit scheme due after the valuation date.

**Supported Borrowing** – the amount of historic Council borrowing towards which the Government provided financial support through the annual Revenue Support Grant although this now significantly reduced by the ongoing austerity funding reductions

**SWISCO** – South West Integrated Services Company Limited, a 100% owned subsidiary of the Council.

## **T**

**TDA** – The trading name for the Torbay Economic Development Company Ltd, a 100% owned subsidiary of the Council.

**TDA Group** – The trading name for the Torbay Economic Development Company Ltd group of companies including Torvista Homes.

**TEL – Torbay Education Limited** - a 100% owned subsidiary of the Council.

**Torbay Economic Development Company Ltd** - a 100% owned subsidiary of the Council.

**Total Cost** – the actual cost of services reflects all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

## **U**

**Unfunded Pension Liabilities** – these are pension costs arising from additional service awarded by a Council on a discretionary basis.

**Unsupported (or Prudential) Borrowing** – any borrowing the Council undertakes that is above and beyond the level of Supported Borrowing which the Government helps to fund and which therefore the Council has to fund completely from its own resources.



**Usable Reserves** – a heading that reflects the Council’s reserves that can be used for supporting service delivery, including capital expenditure, in the future.

**Unusable Reserves** – a heading that reflects the Council’s reserves that cannot be used for supporting services. These tend to be the result of notional accounting entries such as those that reflect previous capital financing, asset revaluations and the pension reserve.

## **V**

**VRP – Voluntary Revenue Provision** – An additional sum that a Council can make to be set aside as provision for the future repayment of debt.